



Offering Memorandum

CAPLINK MORTGAGE TRUST

Offering of

Series A Units

Series C Units

Series F Units

May 29, 2024

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Investors should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. You could lose all the money you invest. See Item 9 - Risk Factors.

Private Placement

OFFERING MEMORANDUM

May 29, 2024

CAPLINK MORTGAGE TRUST

Suite 1000, College Plaza, 8215 112 Street, Edmonton, Alberta T6G 2C8
Phone: 780-429-0114
<https://caplink.ca>
Email: investors@caplink.ca

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

Reporting Issuer: No.

THE OFFERING

Securities Offered: The securities being offered pursuant to this offering (the “Offering”) are units of Caplink Mortgage Trust (the “Trust”), which are comprised of:

- **Series A Units:** this series of units is offered to Investors who are not eligible to purchase Series F Units and may pay commissions directly to their dealer;
- **Series C Units:** this series of units is offered to Investors who are not eligible to purchase Series A Units or Series F Units; and
- **Series F Units:** this series of units is offered to Investors who purchase such units through a dealer sponsored fee for service or wrap program and who pay an asset-based fee to their dealer;

(collectively, the “Offered Units”, and each an “Offered Unit”).

Price Per Security: The price per Offered Unit shall be \$1.00 per Offered Unit as at the date of this Offering Memorandum. The price per Offered Unit will be determined by the Manager, from time to time, and will be set forth in the Subscription Agreement entered into between the Investor(s) and the Trust. The price per Offered Unit shall be determined by the Manager with reference to the Net Asset Value of the Corresponding LP Units.

Minimum / Maximum Offering: There is no minimum or maximum Offering. You may be the only Investor. See Item 9 - Risk Factors.

Minimum Subscription Amount: The minimum investment in the Trust for Series A Units and Series C Units is \$10,000. The minimum investment in the Trust for Series F Units is \$25,000. These minimum amounts may be waived by the Manager, in its sole discretion. See Item 5.2 – Subscription Procedure.

Payment Terms: Investors must pay the subscription price in full, by certified cheque, bank draft, wire transfer or such other manner as may be accepted by the Manager at the time of delivering a fully completed and signed Subscription Agreement. See Item 5.2 – Subscription Procedure.

Proposed Closing Date(s): Closings will occur from time to time at the discretion of the Manager.

Income Tax Consequences and Exempt Plans Eligibility: There are important income tax consequences relating to the ownership of these securities. The Trust has been advised that, provided that the Trust qualifies as a “mutual fund trust” for purposes of the Tax Act at all relevant times, the Offered Units will be qualified investments for Exempt Plans. You should consult your own professional tax advisors to obtain advice respecting any tax consequences to you. Although it is intended that the Trust qualify as a “mutual fund trust” for purposes of the Tax Act, the Trust will not be a “mutual fund” or “investment fund” under applicable securities laws. See Item 7 - Income Tax Consequences and Exempt Plans Eligibility.

Insufficient Funds: Funds available under the Offering may not be sufficient to accomplish our proposed objectives. See Item 2.7 – Insufficient Funds and Item 9 - Risk Factors.

Selling Agents and Compensation Paid to Sellers and Finders: A person has received or will receive compensation for the sale of securities under this Offering. For the Selling Commissions that will be payable in respect of the Offered Units, see Item 8 - Selling Agents and Compensation Paid to Sellers and Finders.

The Trust will sell Offered Units under the Offering through agents that are: (a) exempt market dealers registered under applicable securities laws in Canada, including the Manager; or (b) investment dealers that are registered under applicable securities laws in Canada.

The Trust is a connected issuer and related issuer of the Manager, Caplink Financial Corporation. Caplink Financial Corporation acts as the Manager of the Trust and the Partnership and also owns all of the shares of the General Partner. Brian Menges beneficially owns, or has control or direction over, directly or indirectly, all of the shares of the Manager. See Item 2.1.8 – Relationship with the Manager and the Affiliated MLOs.

RESALE RESTRICTIONS

The Offered Units are subject to restrictions on resale. You will be restricted from selling your Offered Units for an indefinite period. See Item 11 - Resale Restrictions. There is no market for the Offered Units and none is expected to develop and, therefore, it may be difficult or impossible for Investors to sell the Offered Units. See Item 9 - Risk Factors.

PAYMENTS TO RELATED PARTY

The net proceeds of your investment will be paid to the Partnership, a related party of the Trust, by the purchase of units in the Partnership. See Item 1.2 – Use of Available Funds.

REDEMPTION AND RETRACTION RIGHTS

An investment in Offered Units should be considered a long-term investment. You will not have any expected liquidity event in the short-term other than receiving cash distributions from the Trust. **You will have a right to require the Trust to redeem the Offered Units, but this right is qualified by the Redemption Price, restrictions and fees set forth herein. As a result, you might not receive the amount of proceeds that you want. See Item 5.1.4 - Redemption and Retraction of Trust Units and Item 9 - Risk Factors.**

The Redemption Price payable to Investors redeeming Trust Units may be lower than the price per Trust Unit paid by the Investor for such Trust Unit, as a Trust Unitholder will receive a lower Redemption Price if such Trust Unitholder redeems his or her Offered Units within a certain period of time from the date of investment (depending on the series of Trust Unit held by the Trust Unitholder). This is intended to protect the Trust and existing Trust Unitholders from a reduction in the value of the Trust due to the payment of Selling Commissions and offering costs.

Once the monthly cash redemption threshold of one percent (1.0%) of the Net Asset Value of the Partnership (which limit includes aggregate redemption requests made to the Trust and the Partnership) is reached, redeeming Trust Unitholders may receive from the Trust (in lieu of cash), Redemption Notes. Redemption Notes will be unsecured and subordinated debt securities of the Trust. Redemption Notes will have a maturity of five years or less. There will be no market for Redemption Notes. **Redemption Notes will not be qualified investments for Exempt Plans.**

As an extraordinary measure and subject to the unanimous approval of the Independent Trustees, the Trustees, on the advice of the Manager, may suspend the redemption of Trust Units or postpone the date of payment of redeemed Trust Units if the Trustees or the Manager reasonably determine that: (a) the Trust's assets are invested in such a manner so as to not reasonably permit timely liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by the Trust of a sufficient part of its investments is not reasonable or practicable, or would be prejudicial to the Trust or Trust Unitholders generally; (c) not suspending redemptions would have an adverse effect on continuing Trust Unitholders; or (d) they are unable to value the assets of the Trust. The Trustees or the Manager may also suspend the redemption of Trust Units upon an announcement by the Trustees that the Trust will be terminated. For greater certainty, the intention of this provision is not to generally restrict the ability of Trust Unitholders to redeem Trust Units, but rather to permit the Trustees or the Manager to protect the Trust and/or its Trust Unitholders from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

The Trustees or the Manager may, in their sole discretion, at any time and from time to time, upon giving notice in writing (the "**Retraction Notice**"), retract one or more of the then outstanding Trust Units, as if such Trust Units were tendered by the applicable holder for redemption as at the date of the Retraction Notice. The redemption provisions summarized above apply *mutatis mutandis* with respect to such retraction, provided that other than in certain circumstances, the Redemption Price with respect to a Trust Unit that is being retracted shall not be subject to the discount percentage to the Redemption Price applicable

if Trust Units are redeemed within a certain period of time from the date of investment. For greater certainty, Retraction Notices may be given to one or more Trust Unitholders to the exclusion of other Trust Unitholders.

See **Item 5.1.4 - Redemption and Retraction of Trust Units** and **Item 9 - Risk Factors**.

INVESTORS' RIGHTS

If you are purchasing Offered Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 – *Prospectus Exemptions*, you have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement. Persons resident in the province of Québec are not permitted to rely on the offering memorandum exemption contained in Section 2.9 of NI 45-106. See **Item 12 - Investors' Rights**.

Capitalized terms not specifically defined in these cover pages have the meanings set out in the **GLOSSARY**.

Table of Contents

CAUTIONARY STATEMENTS	1
GLOSSARY	8
SUMMARY OF THIS OFFERING MEMORANDUM	17
ITEM 1 - USE OF AVAILABLE FUNDS	31
1.1 Available Funds.....	31
1.2 Use of Available Funds.....	31
1.2.1 Use of Available Funds by the Trust.....	31
1.2.2 Use of Available Funds by the Partnership.....	32
1.3 Proceeds Transferred to Other Issuers.....	32
ITEM 2 - BUSINESS OF THE TRUST AND OTHER INFORMATION AND TRANSACTIONS	33
2.1 Structure.....	33
2.1.1 Organizational Chart.....	33
2.1.2 The Trust.....	34
2.1.3 The Partnership and the General Partner.....	34
2.1.4 The Mortgage Entities.....	34
2.1.5 The Special Limited Partner.....	35
2.1.6 The Manager.....	35
2.1.7 The Affiliated MLOs.....	35
2.1.8 Relationship with the Manager and the Affiliated MLOs.....	36
2.1.9 Conflicts of Interest.....	37
2.1.10 Independent Board.....	37
2.1.11 Competing Interests.....	38
2.2 Our Business.....	38
2.2.1 Investment Rationale.....	38
2.2.2 Investment Objective.....	40
2.2.3 Investment Strategy.....	41
2.2.4 Lending Committee and Policies, Practices and Restrictions.....	46
2.3 Manager Operating History.....	49
2.4 Development of the Business.....	50
2.4.1 Initial Acquisition.....	51
2.4.2 Current Eligible Investments and Enforcement Properties.....	51
2.4.3 Performance of Trust Units.....	52
2.4.4 Ongoing Disclosure.....	53
2.5 Long-Term Objectives.....	53
2.5.1 Long-Term Objectives of the Trust.....	53
2.5.2 Long-Term Objectives of the Partnership.....	53
2.6 Short-Term Objectives.....	53
2.6.1 Short-Term Objectives of the Trust.....	53
2.6.2 Short-Term Objectives of the Partnership.....	54
2.7 Insufficient Funds.....	54
2.8 Material Contracts.....	54
2.8.1 Declaration of Trust.....	54
2.8.2 Partnership Agreement.....	62
2.8.3 Management Agreement.....	71
2.8.4 Mortgage Administration Agreement.....	76
2.8.5 Reimbursement Agreement.....	77
2.8.6 Distribution Reinvestment Plan (DRIP).....	78
ITEM 3 - COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES	78
3.1 Compensation and Securities Held.....	78
3.2 Fees and Expenses.....	80
3.2.1 Fees.....	80
3.2.2 Expenses.....	80

3.2.3	Lending Fee	80
3.3	Management Experience.....	81
3.4	Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters.....	82
ITEM 4	- CAPITAL STRUCTURE.....	83
4.1	Securities Except for Debt	83
4.1.1	Trust Securities Except for Debt	83
4.2	Partnership Securities Except for Debt.....	83
4.3	Long-Term Debt	84
4.4	Prior Sales	84
4.4.1	Prior Sales by the Trust	84
4.4.2	Prior Sales by the Partnership	85
ITEM 5	- SECURITIES OFFERED.....	85
5.1	Terms of Offered Units	85
5.1.1	Voting Rights	85
5.1.2	Distributions	86
5.1.3	Distribution Policy of the Trust and the Partnership	88
5.1.4	Redemption and Retraction of Trust Units	88
5.1.5	Transfers of Trust Units	92
5.1.6	Participation Upon Liquidation or Winding Up.....	92
5.1.7	Rights of Trust Unitholders	92
5.2	Subscription Procedure	92
ITEM 6	- REPURCHASE REQUESTS (REDEMPTION HISTORY).....	93
ITEM 7	- INCOME TAX CONSEQUENCES AND EXEMPT PLANS ELIGIBILITY	94
7.1	General.....	94
7.2	Status of the Trust	95
7.3	Taxation of the Trust.....	95
7.4	Computation of Partnership Income	96
7.5	Taxation of Trust Unitholders.....	97
7.6	Eligibility for Investment by Exempt Plans	98
ITEM 8	- SELLING AGENTS AND COMPENSATION PAID TO SELLERS AND FINDERS.....	99
ITEM 9	- RISK FACTORS	99
9.1	Investment Risk.....	100
9.2	Issuer Risk.....	105
9.3	Risks Related to Acquisition of Eligible Investments	111
9.4	Risks Pertaining to the Business	111
ITEM 10	- REPORTING OBLIGATIONS	119
ITEM 11	- RESALE RESTRICTIONS	120
ITEM 12	- INVESTORS' RIGHTS	120
12.1	Statements Regarding Investors' Rights	120
12.2	Cautionary Statement Regarding Expert Report, Statement or Opinion.....	125
ITEM 13	- FINANCIAL STATEMENTS.....	FS-1
ITEM 14	- CERTIFICATE.....	C-1

CAUTIONARY STATEMENTS

ABOUT THIS OFFERING MEMORANDUM

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. This Offering is being made pursuant to certain prospectus exemptions contained in NI 45-106. Under no circumstances will the Trust accept a subscription for Offered Units if its distribution cannot be made in reliance on any such exemption. Persons resident in the province of Québec are not permitted to rely on the offering memorandum exemption contained in Section 2.9 of NI 45-106.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any applicable state securities laws. Accordingly, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and state securities laws, these securities may not be offered or sold within the United States or to, or for the account of benefit of, “**U.S. persons**” (as such term is defined in Regulation S under the U.S. Securities Act).

Prospective Investors should only rely on the information in this Offering Memorandum or any related OM marketing materials (as such term is defined in NI 45-106) and should not rely on some parts of this Offering Memorandum or OM marketing materials to the exclusion of others. No person has been authorized to give any information or make any representation in respect of the Trust or the securities offered herein and any such information or representation that is given or received must not be relied upon.

FORWARD-LOOKING INFORMATION

This Offering Memorandum contains certain information, statements or disclosures that constitute forward-looking information under applicable securities laws (collectively, “**forward-looking information**”). All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Trust anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “future”, “may”, “will”, “would”, “intend”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “estimate”, “project”, “should”, “might”, “could”, “continue”, “contemplate” or other comparable terminology. Forward-looking information presented in this Offering Memorandum includes, but is not limited to:

- statements with respect to how the proceeds of the Offering are anticipated to be used by the Trust and the Partnership;
- the investment criteria, objectives, restrictions and strategies of the Trust and the Partnership;
- types of Eligible Investments (as defined herein) that will be acquired by the Partnership and the Allowable Security (as defined herein) for the Fund’s Eligible Investments;
- the jurisdictions in which the Fund intends to focus on acquiring Eligible Investments;
- the lending policies and practices of the Fund;
- the ongoing disclosure practices of the Fund;
- the expectation of the Trust to complete cash redemptions on a *pro rata* basis up to the Redemption Limit;
- the identification, successful negotiation and acquisition of Eligible Investments by the Partnership, directly or indirectly, and the acquisition of Eligible Investments sourced from the Affiliated MLOs (as defined herein);
- the Manager’s belief that its investment strategy can achieve returns for Investors;
- the realization of anticipated benefits of acquisitions of Eligible Investments, the timing thereof and the methods of funding;
- the expectation, timing and payment of distributions;

- Management's belief that the Partnership can leverage the Manager's existing related businesses to attract customers to the Partnership's Eligible Investments and to create a competitive advantage over other mortgage investment entities;
- the type of borrowers the Fund will target (including non-resident foreign nationals) and the Manager's intention to continue to offer financing to such borrowers;
- that increased regulation and foreign ownership tax is not expected to have a significant impact on the Fund;
- the real estate sectors for which the Fund intends to provide financing;
- the possibility that the Fund may invest in Eligible Investments in other jurisdictions;
- the creation of holding entities controlled by the Fund or the Manager to hold the Eligible Investments;
- the addition of mortgage lender/broker licenses to be obtained by the U.S. MLO (as defined herein);
- the Trust's intentions or expectations concerning its ability to raise capital under the Offering or otherwise;
- intentions or expectations about the Partnership's ability to raise capital in addition to the sale of the LP Units to the Trust;
- the incurrence of indebtedness by the Partnership;
- the possibility that the Fund may enter into securitization or future-flow funding transactions that will provide access to lower-cost funds;
- the ability of the Manager to procure and maintain favourable bank lines of credit that will permit the Trust to achieve positive leverage;
- the ability of the Fund to make Eligible Investments in the U.S. and Mexico using Canadian currency allowing Canadian borrowers and the Fund to avoid exposure to currency fluctuations;
- long-term or short-term plans and objectives of the Trust and the Partnership;
- expectations with respect to the stability of real estate markets in Canada, the United States and Mexico;
- expectations with respect to the growth potential in the mortgage industry in Canada, the United States and Mexico particularly as it relates to non-resident foreign nationals in the United States and Mexico;
- the Trust's and the Partnership's intentions and expectations regarding payment of Selling Commissions and offering costs, the Management Fee, the Mortgage Administration Fee, the Special Allocation and ongoing general and administrative expenses, including the fees and expenses described in **Item 3.2 - Fees and Expenses**;
- the future offering price of the Offered Units;
- the potential issuance of new securities by the Trust and the Partnership;
- reimbursement of the Trust by the Partnership in respect of certain costs and expenses to be incurred by the Trust;
- the intention of the Partnership and/or the Mortgage Entities to enter into mortgage administration agreements with the Affiliated MLOs;
- the possibility that Mortgage Entities will obtain licenses or registrations for the purposes of mortgage lending;
- the term of each of the Trust and the Partnership and the effects of the dissolution of the Trust and the Partnership; and
- the Trust's and the Partnership's treatment under governmental regulatory regimes, securities laws and tax laws.

Various assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions are based on information currently available to the Trust, including information obtained by the Trust from third-party industry analysts and other arm's length sources. In some instances, material assumptions are presented or discussed elsewhere in this Offering Memorandum in connection with the forward-looking information. We caution you that the following list of material assumptions is not exhaustive. The assumptions include, but are not limited to:

- expectations about the stability of the general economic and political environment in which the Trust and the Partnership operate;
- expectations about the Trust's and the Partnership's respective abilities to raise sufficient capital to complete their respective business objectives, including the advance of available funds to the Partnership for investment in the Eligible Investments;
- expectations about the Partnership's ability or opportunity to dispose of any interest in any Eligible Investment;
- the ability of the General Partner of the Partnership to obtain qualified staff, software and services in a timely and cost-efficient manner;
- a stable competitive environment;
- the Trust's qualification as a "mutual fund trust" and not a "SIFT trust" under the Tax Act;
- future interest rates and currency exchange rates;
- unit prices of mortgage fund investments are less affected by market fluctuations;
- the impact of Canadian federal income taxes;
- the possibility of substantial redemptions of Trust Units;
- no significant event occurring outside the ordinary course of business such as a natural disaster, outbreak of infectious diseases or other calamity; and
- the Trust's and the Partnership's treatment under governmental regulatory regimes, securities laws and tax laws.

The forward-looking information in this Offering Memorandum is based (in whole or in part) upon factors, many of which are beyond the control of the Trust, which may cause actual results, performance or achievements of the Eligible Investments and the Partnership, and, consequently, those of the Trust, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Trust including information obtained from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such forward-looking information. While we do not know what impact any of those differences may have, the Partnership's businesses, results of operations, financial condition and credit stability, and, consequently, those of the Trust, may be materially adversely affected. Factors that could cause actual results, performance, achievements or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

Investment Risks

- risks associated with the speculative nature of an investment in the Offered Units and the Partnership's investment in the Eligible Investments, including the lack of any guarantee that the Trust, the Partnership or the Investors will obtain a return on their respective investments;
- risks associated with the ability of the Trust to redeem Trust Units, including the Redemption Price payable in respect of such Trust Units, the suspension of the redemption of Trust Units or postponement of the date of payment of redeemed Trust Units under extraordinary circumstances and the potential for substantial redemption;
- risks associated with the ability of the Partnership to make distributions on the LP Units, and consequently, the ability of the Trust to make distributions on the Trust Units, including that distributions may be paid in Trust Units instead of cash;

- risks associated with the partial “blind pool” nature of the Offering and the availability of investments that meet the Partnership’s investment objectives;
- the risk that distributions may consist of the proceeds of offerings (including this Offering);
- the risk that the Offering will not provide funding that is sufficient to permit investment in Eligible Investments;
- risks associated with the limited voting rights of the Offered Units and that holders of Offered Units will not have statutory rights normally associated with ownership of shares of a corporation;
- risks associated with the inability or difficulty to remove or affect management;
- risks associated with the tax matters, including the tax status of the Trust;
- risks associated with the structure of the Fund and the nature of the Offered Units, including that the Offered Units are not liquid and do not represent a direct interest in the Fund or a specific Eligible Investment, liability of Trust Unitholders, that the Offered Units are not insured and value being attributable to a specific series;
- risks associated with the lack of review of this Offering Memorandum by regulatory authorities;
- risks associated with the preparation of documents by legal counsel for the Fund and lack of such counsel for Trust Unitholders;

Issuer Risks

- risks associated with the reliance and operational dependence of the Trust on the Partnership and the reliance of the Trust and the Partnership on the Manager for the provision of certain services pursuant to the Management Agreement and Mortgage Administration Agreement, including that the Manager’s experience may not be indicative of future results, that the Manager effectively determined the Fund’s arrangements with the Manager and the Fund relies on the assumptions made by the Manager;
- risks associated with the reliance of the Partnership on the Affiliated MLOs ability to originate and administer mortgages;
- risks associated with the dependence of the Trust and Partnership on staff of the Affiliated MLOs and certain key personnel of the Trust, the Partnership, the Manager and the General Partner to successfully implement its investment strategy;
- risks associated with the relationship between the Trust, the Partnership and the Affiliated MLOs and potential conflicts of interest involving the Affiliated MLOs on the one hand, and the Trust, the Partnership and the Investors on the other;
- risks associated with the limited liability of the Manager;
- risks associated with the Trust and the Partnership having limited assets and limited operational history;
- risks associated with the Trust’s and the Partnership’s financing efforts, including that the Partnership does not raise sufficient capital to achieve its objectives or that sufficient, cost-effective financing to fund capital expenditures, Trust Unit redemptions, and ongoing general, administrative and operating costs and expenses associated or incurred in connection with the Eligible Investments cannot be obtained;
- risks associated with the Fund obtaining variable rate financing;
- risks associated with the change of control of the General Partner;
- risks associated with the inability of the Trust Unitholders to terminate the Management Agreement and Mortgage Administration Agreement if the Manager’s performance in its capacity as manager or mortgage broker, respectively, does not meet the expectations of Investors;
- risks associated with the effect the issuance of additional securities may have on the fair market value of the Offered Units;

- risks associated with legal, tax or regulatory matters and changes thereof (including taxes targeted at foreign ownership of real estate);
- risks associated with the Non-Resident ownership restrictions of the Trust;
- risks associated with the Trust losing its limited liability and with future litigation;

Risks Related to Acquisition of Eligible Investments

- risks associated with acquisition of Eligible Investments and Enforcement Properties;
- risks associated with delayed investment of available funds, including lack of identification of suitable Eligible Investments;
- risks associated with the failure to realize the anticipated benefits from the acquisition of Eligible Investments;
- risks associated with valuing investments, including the risk of improperly assessing the value of an Eligible Investment;
- risks associated with the competition faced by the Partnership in locating and securing investments in Eligible Investments;

Risks Pertaining to the Business

- risks associated with the mortgage industry and ownership of Eligible Investments secured against real property, including interest rate fluctuations, risk of default and prepayment, credit risk, risk of foreclosure and the subordination of mortgage loans provided by the Fund;
- risks associated with the mortgage industry, including with respect to fluctuations in real estate values and revenues expected to be generated by the Partnership's Eligible Investments;
- risks associated with borrowers not fulfilling their payment obligations to the Fund;
- risks associated with leasing Enforcement Properties and borrowers leasing real property that secures Eligible Investments, including vacancy risk, risks associated with leases, quality property management,
- risks associated with the concentration of the Partnership's investments in a single industry;
- risks associated with investing in Eligible Investments outside of Canada;
- risks associated with lending to non-resident foreign nationals;
- risks associated with licensing and registration of the Mortgage Entities;
- risks associated with the ability of the Manager to obtain financing for the Partnership to finance the acquisition of Eligible Investments on commercially acceptable terms;
- risks associated with the Manager's use of bank leverage to enhance the yield to unitholders;
- risks associated with the liquidity of the Partnership to meet its operating requirements and debt repayment obligations;
- risks associated with general political and economic conditions;
- risks associated with the refinancing of any existing indebtedness of the Partnership and interest rate fluctuations;
- risks associated with the Partnership's inability to adequately deal with growth;
- risks associated with increases in operating costs;
- risks associated with dependence on information technology systems;

- risks associated with cybersecurity threats;
- risks associated with the Partnership violating covenants or otherwise defaulting under mortgage loan instruments;
- risks associated with the reputation of the Fund and the Manager;
- risks associated with the sale of Eligible Investments, including the General Partner's ability to develop a strategy and accurately determine the time horizon for such liquidity event;
- risks associated with workforce availability to provide services to provide management and administration services to the Fund;
- risks associated with the availability of Caplink's trademarks to the Fund if the Management Agreement is terminated;
- risks associated with the environment, including environmental laws and regulations and climate and natural disasters;
- risks associated with fluctuations in foreign currency exchange rates;
- risks associated with the outbreak of epidemics or pandemics or other health crises, including COVID-19;
- risks associated with uninsured losses;
- risks associated with litigation; and
- risks associated with artificial intelligence.

We caution you that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance, achievements or outcomes of the Trust to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information are disclosed under **Item 9 - Risk Factors**.

This Offering Memorandum and certain of the documents (or part thereof) incorporated by reference contain future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Trust and the Partnership's prospective results, which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this Offering Memorandum and certain of the documents (or part thereof) incorporated by reference are made as of the date of this Offering Memorandum or the document incorporated by reference, as applicable, and is provided for the purpose of providing further information about the Partnership's business operations. Readers are cautioned that the FOFI contained in this Offering Memorandum or in any document (or part thereof) incorporated by reference should not be used for purposes other than for which it is disclosed herein.

Although the Trust believes that the expectations reflected in the forward-looking information and FOFI are reasonable, it cannot guarantee future results. Because of the risks, uncertainties and assumptions contained herein, prospective Investors should not place undue reliance on forward-looking information or FOFI. We are not obligated to update or revise any forward-looking information or FOFI, whether as a result of new information, future events or otherwise, except as required by applicable laws. The foregoing statements expressly qualify any forward-looking information contained in this Offering Memorandum.

MARKETING MATERIALS

Any "**OM marketing materials**" (as such term is defined in NI 45-106) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective Investor before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum are not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended or restated offering memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective Investor prior to the execution of the Subscription Agreement by the Investor. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the

circumstances in which it was made. Any statement so modified or superseded is not deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

MARKET AND INDUSTRY DATA

This Offering Memorandum, and OM marketing materials incorporated by reference herein, may contain statistical data, market research and industry forecasts that were obtained from government or other industry publications and reports or are based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. While the Manager believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Manager has not independently verified any of the data from independent third-party sources referred to in this Offering Memorandum or ascertained the underlying assumptions relied upon by such sources.

SUPPLEMENTARY FINANCIAL MEASURES

In addition to using financial measures prescribed by IFRS, this Offering Memorandum contains references to “loan-to-value ratio” which is a measure that does not have any standardized meaning as prescribed by IFRS and is not represented in the financial statements of the Trust or the Partnership. This measure is not necessarily comparable to similar measures presented by other issuers in similar or different industries and should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Management uses “loan-to-value ratio” to aid in assessing the relative debt risk of the Trust and the Partnership and/or an Eligible Investment and provides this additional measure so that readers may do the same. Management believes references to “loan-to-value ratio”, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management’s perspective on the Trust’s and the Partnership’s debt levels and financing risk. Caution should be used if any comparisons are made to other issuers.

“Loan-to-value ratio” with respect to Eligible Investments is a measure of risk calculated as: (a) the total mortgage loan amount (current principal balance plus accrued interest) in respect of the Eligible Investment portfolio or any Eligible Investment, *divided by* (b) the estimated value of the subject real estate securing the Eligible Investment portfolio or any Eligible Investment. Management uses loan-to-value ratio to determine the level of exposure to the risk of the Eligible Investment portfolio or any Eligible Investment.

However, loan-to-value ratio is not a reliable indicator of the Trust’s or the Partnership’s future performance and future performance may not compare to the performance in previous periods.

GLOSSARY

In this Offering Memorandum (including in the face pages hereof), unless the context otherwise requires, the following words and terms have the indicated meanings:

- “ABCA”** means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder.
- “Adjusted Net Asset Value per LP Unit”** means the sum of (a) and (b), where (a) is the Net Asset Value per LP Unit at the start of a Special Allocation Period and (b) is the Hurdle in effect for such Special Allocation Period.
- “affiliate”** has the meaning given thereto in NI 45-106.
- “Affiliated MLOs”** means the Manager, in its capacity as the mortgage loan originator and administrator pursuant to the Mortgage Administration Agreement and other mortgage loan originators affiliated with the Manager that may enter into mortgage administration agreements with the Partnership and/or Mortgage Entities. The Affiliated MLOs are currently comprised of the Manager and the U.S. MLO.
- “Aggregate Overall Appreciation”** means, with respect to each LP Unit and any Special Allocation Period, the positive difference, if any, between the Net Asset Value per LP Unit of such LP Unit at the end of such Special Allocation Period (prior to the deduction of any Special Allocation for such Special Allocation Period and adjusted as necessary to reflect any distributions made by the Partnership during such Special Allocation Period) and the Net Asset Value per LP Unit for such LP Unit at the start of such Special Allocation Period.
- “Allowable Security”** means:
- (a) with respect to Canada and the United States, allowable loan security for the Fund's Eligible Investments, including one or more of the following: mortgage, hypothec, promissory note, deed of trust, registerable loan agreement, agreement for sale, caveat, lien, land lease (or assignment thereof), borrower corporate guarantee, borrower personal guarantee, direction to pay, assignment of rents and leases, power of attorney and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to, or an interest in, real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager; and
 - (b) with respect to Mexico, allowable loan security for the Fund's Eligible Investments, including one or more of the following: any Mexican Trust and/or mortgage, hypothec, promissory note, deed of trust, registerable loan agreement, agreement for sale, caveat, lien, land lease (or assignment thereof), borrower corporate guarantee, borrower personal guarantee, direction to pay, assignment of rents, power of attorney and leases and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to or an interest in real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager.
- The Manager may determine from time to time to permit other forms of Allowable Security. For greater certainty, if the Fund determines to acquire Eligible Investments in an additional jurisdiction, **“Allowable Security”** shall include similar loan security in such jurisdiction as determined by the Manager.
- “appraisal”** means a property valuation in the form of an appraisal authored by a designated appraiser, but may also mean a property valuation in the form of a realtor's opinion, a property tax assessment or other valuation source deemed acceptable by the Manager, and **“appraised”** and similar words have corresponding meanings.
- “associate”** has the meaning given thereto in NI 45-106.
- “Bank Trust”** means a Mexican bank trust with an acknowledgment of debt that includes a pledge of the borrower committing the trust rights to a lender supported by an irrevocable power of attorney to the lender's legal counsel for acts of ownership over the property held in such

trust, which, in respect of the Fund, is used to secure the Fund's invested capital and will have the Partnership, directly or indirectly, as first assignee of the trust.

"Canadian Mortgage Entity"	means CMT CAN Holdings Limited Partnership.
"Canadian Prime Rate"	means the rate of interest publicly announced by the Canadian Reference Bank as its prime rate that is in effect on the first day of each calendar year. For greater certainty, the prime rate is the rate used for determining interest rates on Canadian Dollar denominated commercial loans in Canada by the reference bank (but such rate is not necessarily the most favored rate of such reference bank and such reference bank may lend to its customers at rates that are at, above or below such rate).
"Canadian Reference Bank"	means a bank listed in Schedule I to the Bank Act (Canada) as the General Partner or the Manager may from time to time designate, in its discretion.
"Capital Contribution"	means, in respect of each Partner at any time, the amount of money or the value of any property that such Partner has actually contributed to the Partnership.
"CapMIC"	means Caplink Mortgage Investors Corporation, a mortgage investment corporation incorporated under the laws of Alberta and previously managed by the Manager.
"Cedar II"	means Cedar II Mortgage Corporation, a mortgage investment corporation incorporated under the laws of Alberta and previously managed by the Manager.
"Closing"	means the respective completion of an issue and sale to Investors of Offered Units under the Offering from time to time.
"Closing Date"	means the date of a Closing. Closings will occur from time to time at the discretion of the Manager.
"CMHC"	means the Canada Mortgage and Housing Corporation.
"Conflict of Interest Matter"	means a situation where a reasonable person would consider the person in question, or an entity related to such person, to have an interest which may conflict with their ability to act in good faith and in the best interests of the Trust or the Partnership, as applicable.
"Corresponding LP Unit"	means, with respect to a Trust Unit (or fraction of a Trust Unit), the LP Unit (or fraction of the LP Unit) that is acquired by the Trust with the proceeds the Trust received from the issuance of such Trust Unit (or fraction of such Trust Unit).
"Counsel"	means Norton Rose Fulbright Canada LLP, counsel to the Fund.
"CRA"	means the Canada Revenue Agency.
"Declaration of Trust"	means the declaration of trust dated November 9, 2022 governing the Trust, as the same may be amended, supplemented, restated or amended and restated from time to time, including the schedules attached thereto. See Item 2.8.1 - Declaration of Trust .
"Designation Order"	means the Alberta Securities Commission Designation Order – <i>Certain mortgage investment entities designated not to be non-redeemable investment funds (except for registration)</i> .
"Determination Date"	means the applicable date on which Net Asset Value is determined.
"Distribution Amount"	has the meaning given thereto in Item 5.1.2 - Distributions - Partnership Distributions .
"DRIP"	means the distribution reinvestment plan adopted by the Trust.
"Eligible Investments"	has the meaning given thereto in Item 2.2.2 - Investment Objective - Eligible Investments .

“Enforcement Properties”	means properties acquired by the Fund as a result of enforcement of any of the Eligible Investments held by the Fund, including those properties acquired through the Initial Acquisition.
“Exempt Plans”	means a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered disability savings plan (“RDSP”), registered education savings plan (“RESP”), deferred profit sharing plan, tax-free savings account (“TFSA”) or first home savings account (“FHSA”), each as defined in the Tax Act.
“Fannie Mae”	means United States Federal National Mortgage Association.
“Fund”	means collectively, the Trust, the Partnership and the Mortgage Entities.
“Fund Entities”	means the Trust and the Partnership, and a “Fund Entity” means any one of them.
“General Partner”	means CMT Master GP Inc., a corporation formed under the laws of Alberta, which is the general partner of the Partnership or, subject to the provisions of the Partnership Agreement, any successor general partner of the Partnership.
“Gross Asset Value”	means, with respect to a series of LP Units of the Partnership on any Determination Date, an amount equal to the aggregate value of the assets held by the Partnership and its direct and indirect subsidiaries at such Determination Date, as allocated to such series based on the Net Asset Value of such series, and for greater certainty includes cash and cash equivalents, the outstanding mortgage portfolio balance, accrued but unpaid interest, charges before provisions and the book value of titled properties acquired through foreclosure.
“Guaranty Bank Trust”	means a trust formed pursuant to a commercial contract or trust agreement as provided for by Mexico’s general law of credit instruments and operations (GLCIO) which, in respect of the Fund, is used to secure the Fund’s invested capital and will have the Partnership, directly or indirectly, as first beneficiary.
“Hurdle”	<p>means, with respect to a series of LP Units, the Net Asset Value per LP Unit of such series on the first day of the applicable Special Allocation Period multiplied by the sum of (i) the Canadian Prime Rate in effect for such calendar year <i>plus</i> (ii) one percent (1%), provided that such total percentage shall be no more than six percent (6%) and no less than four percent (4%).</p> <p>For greater certainty, the Hurdle is non-cumulative (i.e. it re-sets at the start of each Special Allocation Period), will be pro-rated where the applicable Special Allocation Period is less than 365 days and will be set annually.</p> <p>The Hurdle for 2024 for the Series A LP Units, Series C LP Units and Series F LP Units is six percent (6%).</p> <p>The Hurdle may vary for other series of LP Units.</p>
“IFRS”	means International Financial Reporting Standards.
“Independent Board”	means the Independent Directors or the Independent Trustees, as the context requires.
“Independent Directors”	means the independent directors of the General Partner, where “independent” has the meaning ascribed thereto in NI 52-110. As at the date of the Offering Memorandum, the Independent Directors are Theodore (Ted) D. Bossé, Deanna Muise and Georgina Villeneuve.
“Independent Trustees”	means the independent Trustees, where “independent” has the meaning ascribed thereto in NI 52-110. As at the date of the Offering Memorandum, the Independent Trustees are Theodore (Ted) D. Bossé, Deanna Muise and Georgina Villeneuve.
“Initial Acquisition”	means the acquisition of the Partnership’s initial portfolio of Eligible Investments from the Trust immediately following the issuance of the articles of arrangement pursuant to the plan of arrangement among, <i>inter alios</i> , the Trust, Cedar II Mortgage Corporation and

	Caplink Mortgage Investors Corporation, pursuant to which the Trust acquired substantially all of the assets of such entities.
"Investor"	means a person subscribing for and purchasing Offered Units pursuant to the Offering.
"Lending Committee"	means the lending committee of the Fund established by the Manager, as further described in Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions - Lending Committee .
"Lending Fee"	has the meaning given thereto in Item 3.2.3 - Lending Fee .
"Limited Partners"	means the limited partners of the Partnership from time to time, including the Special Limited Partner.
"LP Monthly Limit"	has the meaning given thereto in Item 2.8.2 - Partnership Agreement - Redemption of LP Units .
"LP Units"	means the limited partnership units of the Partnership, including the Corresponding LP Units, and each being an "LP Unit" .
"Management Agreement"	means the management agreement dated November 9, 2022 between the Manager, the Partnership and the Trust, as amended, supplemented, restated or amended and restated from time to time, pursuant to which the Manager will provide services to the Trust and the Partnership. See Item 2.8.3 - Management Agreement .
"Management Fee"	<p>means a monthly fee payable by the Partnership to the Manager in an amount equal to one twelfth ($\frac{1}{12}^{\text{th}}$) of one percent (1%) of the Gross Asset Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month. No Management Fee shall be payable on Series M LP Units. See Item 3.2 - Fees and Expenses and Item 2.8.3 - Management Agreement.</p> <p>The Management Fee may vary for other series of Trust Units and LP Units and is treated as an expense attributed to a particular series of LP Units.</p>
"Manager"	means Caplink Financial Corporation, a corporation formed pursuant to the ABCA.
"Mexican Trust"	means a Guaranty Bank Trust and/or a Bank Trust, as the context so requires.
"Mortgage Administration Agreement"	means the mortgage administration agreement dated November 9, 2022 between the Manager and the Partnership, as it may be amended, supplemented, restated or amended and restated from time to time. See Item 2.8.4 - Mortgage Administration Agreement .
"Mortgage Administration Fee"	<p>means a monthly fee payable by the Partnership to the applicable Affiliated MLO in an amount equal to one twelfth ($\frac{1}{12}^{\text{th}}$) of one quarter of one percent (0.25%) of the Mortgage Administration Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.</p> <p>See Item 3.2 - Fees and Expenses and Item 2.8.4 - Mortgage Administration Agreement.</p>
"Mortgage Administration Value"	means, with respect to a series of LP Units on any Determination Date, the Gross Asset Value of such series less cash and cash equivalents.
"Mortgage Entities"	means collectively, the Canadian Mortgage Entity and any other entity formed by the Manager for the purpose of holding Eligible Investments.
"Net Asset Value"	means, with respect to a series of LP Units of the Partnership on any Determination Date, an amount equal to: (a) when the first LP Units of such series are issued, the aggregate issuance price of such LP Units (net of commissions and other fees paid to selling agents, and net of offering costs associated with such series); and (b) thereafter: (i) the Net Asset Value calculated in respect of that series on the immediately preceding Determination Date

(the “**Previous Time**”); (ii) plus the increase in Partnership Property due to LP Unit issuances in respect of LP Units of that series (net of commissions and other fees paid to selling agents, and net of offering costs associated with such series) issued after the Previous Time; (iii) minus the decrease in Partnership Property due to redemptions of LP Units of that series redeemed after the Previous Time; (iv) minus the aggregate of expenses and liabilities allocated to such series (including Management Fees, trailing commissions and the Special Allocation attributable to that series) accrued on the Determination Date and/or paid since the Previous Time (to the extent not previously accrued); (v) minus any amounts paid since the Previous Time by way of distributions to holders of LP Units of that series; and (vi) plus or minus such series’ share (as determined by the ratio of the Net Asset Value calculated in respect of that series as at the Previous Time to the aggregate Net Asset Values of all series as at the Previous Time) of market appreciation or depreciation of the Partnership Property from the Previous Time.

The General Partner may, in its discretion, make reasonable adjustments to the Net Asset Value of a series in order to reflect any other matters that the General Partner, in its discretion, considers equitable.

“Net Asset Value per LP Unit”	means, with respect to a series as at any Determination Date, the amount determined by dividing the Net Asset Value of such series as at such Determination Date by the total number of LP Units of such series outstanding as at such Determination Date.
“NI 45-106”	means National Instrument 45-106 – <i>Prospectus Exemptions</i> of the Canadian Securities Administrators.
“NI 52-110”	means National Instrument 52-110 – <i>Audit Committees</i> of the Canadian Securities Administrators.
“Non-Resident”	means: (a) a person that is not resident in Canada for the purposes of the Tax Act; or (b) a partnership that is not a “Canadian partnership” as defined in the Tax Act.
“Offered Units”	means collectively, the Series A Units, Series C Units and Series F Units offered under the Offering.
“Offering”	means the Trust’s offering, issue and sale of Offered Units on a private placement basis, as more particularly described in this Offering Memorandum.
“Offering Jurisdictions”	means the provinces and territories of Canada.
“Offering Memorandum”	means this offering memorandum pertaining to the Offering, including any amendment, restatement or update to this offering memorandum.
“OM marketing materials”	has the meaning given thereto in NI 45-106.
“Partner”	means the General Partner, the Special Limited Partner and each of the Limited Partners of the Partnership.
“Partnership”	means CMT Master LP, a limited partnership formed under the laws of Alberta governed by the Partnership Agreement, whose partners are the General Partner and the Limited Partners, including the Trust.
“Partnership Act”	means the <i>Partnership Act</i> (Alberta).
“Partnership Agreement”	means the limited partnership agreement dated November 8, 2022 governing the Partnership, as the same may be amended, supplemented, restated or amended and restated from time to time. See Item 2.8.2 - Partnership Agreement .
“Partnership Indemnified Party”	has the meaning given thereto in Item 2.8.2 - Partnership Agreement - Authority and Liability of the General Partner .
“Partnership Property”	means, at any time, all of the money, properties, securities and other assets of any nature or kind whatsoever as are, at such time, held by the Partnership or by the General Partner on behalf of the Partnership, including the Eligible Investments.

“Permitted Investments” means permitted investments by the Partnership pending intended uses of funds, including:

- (a) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof;
- (b) commercial paper or other short-term debt of a person whose commercial paper or other short-term debt has a rating of R-2 (or higher) by Morningstar DBRS or A-3 (or higher) by Standard and Poor’s Rating Services, or an equivalent rating by a “designated rating organization” as defined in National Instrument 25-101 – *Designated Rating Organizations*;
- (c) interest-bearing accounts, term deposits, guaranteed investment certificates, certificates of deposit or bankers’ acceptances of or guaranteed or accepted by any Canadian chartered bank or other financial institution, the long-term debt or deposits of which have a rating of BBB (or higher) by Morningstar DBRS or BBB (or higher) by Standard and Poor’s Rating Services, or an equivalent rating by a “designated rating organization” as defined in National Instrument 25-101 – *Designated Rating Organizations*; or
- (d) any combination thereof.

For the purpose of this definition of Permitted Investments, “**short-term**” means having a date of maturity or call for payment that is one year or less from the date on which the investment is made.

“person” means any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation or other body corporate with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority, department or political subdivision thereof, or other organization or entity, whether or not a legal entity, however designated or constituted.

“Portfolio” has the meaning given thereto in **Item 2.8.1 - Declaration of Trust - Portfolios**.

“RBC” means Royal Bank of Canada.

“Redemption Charge” means the redemption discount percentage set out in the table in **Item 2.8.2 - Partnership Agreement - Redemption of LP Units**.

“Redemption Date” means the last business day of each calendar month on which the Trust Units or the LP Units, as applicable, may be redeemed.

“Redemption Limit” has the meaning given thereto in **Item 5.1.4 - Redemption and Retraction of Trust Units - No Cash Redemption in Certain Circumstances**.

“Redemption Note” means: (a) with respect to the Trust, debt securities of the Trust that may be created and issued from time to time, that are subordinated and unsecured, have a maturity of five (5) years or less, may be pre-paid at any time at the option of the Trust prior to maturity, without notice, bonus or penalty and pay an annual rate of interest equal to the Redemption Note Interest Rate, which interest is payable quarterly in arrears; and (b) with respect to the Partnership, debt securities of the Partnership that may be created and issued from time to time, that are subordinated and unsecured, have a maturity of five years or less, may be prepaid at any time at the option of the Partnership prior to maturity, without notice, bonus or penalty and pay an annual rate of interest equal to the Redemption Note Interest Rate, which interest is payable quarterly in arrears.

“Redemption Note Interest Rate” means two percent (2%) plus the yield to maturity on marketable bonds of the same maturity as the applicable Redemption Note issued by the Government of Canada in Canadian Dollars, based on the mid-market closing yields of such bonds as published by the Bank of Canada on the applicable Redemption Date (and if such day is not a business day, the last business day prior to the applicable Redemption Date).

“Redemption Price”

means the price per Trust Unit that a Trust Unitholder whose Trust Units are being redeemed shall be entitled to receive, which shall be equal to the redemption proceeds received by the Trust from the Partnership with respect to the Trust’s redemption of the Corresponding LP Unit, which shall be the Net Asset Value per LP Unit determined as at the Redemption Date multiplied by the Redemption Charge set out in the table below:

Period of time between the issuance date of the LP Unit being redeemed and the Redemption Date	Redemption Charge		
	Series A	Series C	Series F
< 1 year	98%	94%	99%
1 year to < 2 years	99%	96%	100%
2 years to < 3 years	100%	98%	100%
3 years and greater	100%	100%	100%

For greater certainty, the Series F LP Units issued as Corresponding LP Units to the Series F Units issued as consideration for the Initial Acquisition are not subject to a Redemption Charge.

The General Partner may, in its sole discretion, waive the application of the Redemption Charge set out above.

Pursuant to the foregoing table, a Trust Unitholder will receive a lower Redemption Price if such Trust Unitholder redeems Trust Units within a certain period of time from the date of investment. This is intended to protect the Trust and existing Trust Unitholders from a reduction in the value of the Trust due to the payment of Selling Commissions and offering costs.

“Reimbursement Agreement”

means the agency and reimbursement agreement dated November 9, 2022 among the Trust, the Manager, the General Partner and the Partnership, as may be amended or restated from time to time.

“Selling Commission”

means, in respect of a Trust Unit, any commissions paid or fees paid to brokers or intermediaries in connection with the issuance of such Trust Units. See **Item 8 - Selling Agents and Compensation Paid to Sellers and Finders.**

“Series A LP Units”

means series A units of the Partnership.

“Series A Units”

means series A units of the Trust.

“Series C LP Units”

means series C units of the Partnership.

“Series C Units”

means series C units of the Trust.

“Series F LP Units”

means series F units of the Partnership.

“Series F Units”

means series F units of the Trust.

“Series M LP Units”

means series M units of the Partnership.

“Series M Units”

means series M units of the Trust.

“SLP Percentage” means, with respect to a series, the percentage indicated as such for such series in the following table:

Series	SLP Percentage
Series A Units	20%
Series C Units	20%
Series F Units	20%

“Special Allocation” has the meaning given thereto in **Item 5.1.2 - Distributions - Special Allocation**.

“Special Allocation Period” means, with respect to an LP Unit, the period (a) commencing: (i) initially, on the date of issuance of such LP Unit; and (ii) thereafter, immediately following the end of the preceding Special Allocation Period, and (b) ending on the earlier of: (i) the 31st day of December in each fiscal year; (ii) the date on which the LP Unit is redeemed; (iii) the effective date that the General Partner (or an affiliate thereof) ceases to be the general partner of the Partnership; and (iv) the date on which the Partnership dissolves and/or terminates.

“Special Limited Partner” means CMT Special LP Inc., a corporation formed pursuant to the ABCA which is the special limited partner of the Partnership.

“Special Resolution” means, with respect to the Trust:

- (a) a resolution proposed to be passed as a special resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the Declaration of Trust and passed by sixty-six and two-thirds percent (66⅔%) or more of the votes cast on such resolution by Trust Unitholders present or represented by proxy at the meeting; or
- (b) notwithstanding any other provision of the Declaration of Trust, a resolution in writing executed by Trust Unitholders holding sixty-six and two-thirds percent (66⅔%) or more of the votes attached to all of the Trust Units that would have been entitled to vote on such resolution, which written resolution is as valid and binding as a Special Resolution for all purposes of the Declaration of Trust as if such Trust Unitholders had exercised at that time all of the voting rights required under the Declaration of Trust in favour of such resolution at a meeting of Trust Unitholders duly called for the purpose.

and with respect to the Partnership:

- (a) a resolution of Limited Partners approved by sixty-six and two-thirds percent (66⅔%) or more of the votes cast by holders of LP Units, in person or by proxy, at a meeting of the Partners (or any adjournment thereof) called in accordance with the Partnership Agreement, or
- (b) a written resolution signed by Limited Partners holding sixty-six and two-thirds percent (66⅔%) or more of the votes attached to all of the LP Units that would have been entitled to vote on such resolution at a meeting of the Partners called in accordance with the Partnership Agreement.

“Subscription Agreement” means a subscription agreement, in such form as the Manager may approve from time to time, pursuant to which a person may subscribe for Offered Units.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, each as amended from time to time.

“Trust” means Caplink Mortgage Trust, a trust formed under the laws of Alberta governed by the Declaration of Trust.

“Trust Indemnified Party” has the meaning given thereto in **Item 2.8.1 - Declaration of Trust - Limitation of Liability and Indemnification**.

“Trust Unitholders” means at any time the holders at that time of one or more Trust Units, as shown on the register maintained by or on behalf of the Trust for outstanding Trust Units.

“Trust Units”	means the units of beneficial interest in the Trust created by the Trustees, issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, limitations, restrictions and conditions set out in the Declaration of Trust and includes the Series A, Series C Units, Series F Units and Series M Units.
“Trustee”	at any time, means a person who is, in accordance with the provisions of the Declaration of Trust, a trustee of the Trust at that time and “Trustees” means all of them collectively. See Item 3 - Compensation and Security Holdings of Certain Parties.
“U.S.”	means the United States of America.
“U.S. MLO”	means Caplink Mortgage Corporation, a C-corporation formed under the laws of Arizona. The U.S. MLO is the mortgage loan originator of any Mortgage Entity domiciled in the United States.

In this Offering Memorandum, unless the context otherwise requires, grammatical variations of the words and terms in this Glossary have meanings corresponding to the meanings given in this Glossary. Without limiting the generality of the foregoing, words and terms in the Glossary importing the singular include the plural and vice versa, and words and terms importing the masculine, feminine or neuter gender include the other genders.

In this Offering Memorandum, references to **“dollars”** and **“\$”** are to the currency of Canada, references to **“U.S. dollars”** and **“US\$”** are to the currency of the United States, unless otherwise indicated.

In this Offering Memorandum, unless the context otherwise requires, terms such as **“we”**, **“us”** and **“our”** are meant to refer to the Trust, the Partnership and any of their respective subsidiary entities; **“you”** is meant to refer to Investors who purchase Trust Units under the Offering, thereupon becoming Trust Unitholders.

In this Offering Memorandum, unless expressly modified by the words **“only”** or **“solely”**, the words **“include”**, **“includes”** or **“including”**, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters but rather, are to be construed as meaning **“include without limitation”**, **“includes without limitation”** or **“including without limitation”** (as the context requires) and as permitting such general term or statement to refer to all other items or matters that could reasonably fall within its broadest possible scope.

SUMMARY OF THIS OFFERING MEMORANDUM

The Trust and the Partnership

The Trust is an unincorporated trust governed by the laws of the Province of Alberta and the federal laws of Canada applicable thereto. The Trust was created on November 9, 2022, pursuant to the Declaration of Trust. See **Item 2.1.2 - The Trust**, **Item 2.8.1 - Declaration of Trust** and **Item 3 - Compensation and Security Holdings of Certain Parties**.

The Partnership is a limited partnership formed on November 8, 2022, pursuant to the Partnership Act. The General Partner was incorporated on November 4, 2022, pursuant to the ABCA. The Manager will manage, under the supervision of the General Partner, the affairs of the Partnership. See **Item 2.1.3 - The Partnership and the General Partner** and **Item 2.8.2 - Partnership Agreement**.

Theodore (Ted) D. Bossé, Brian Menges, Deanna Muise and Georgina Villeneuve are the Trustees of the Trust and the directors of the General Partner. Brian Menges is the sole director of the Manager and Brian Menges, Colin Hu and Karen Riva are the officers of the General Partner and the Manager.

The Manager was incorporated on October 15, 1996 pursuant to the ABCA and will provide certain management services to the Trust and the Partnership, under the supervision of the Trustees and the General Partner, as applicable, pursuant to the Management Agreement. See **Item 2.1.6 - The Manager** and **Item 2.8.3 - Management Agreement**.

The Fund is engaged in mortgage lending as its primary activity. Although it is intended that the Trust will qualify as a “mutual fund trust” for the purposes of the Tax Act, applying the criteria set out in CSA Staff Notice 31-323 - *Guidance Relating to the Registration Obligations of Mortgage Investment Entities* to the activities of the Fund, it has been determined by the Manager that the Fund is not a “mutual fund” or “investment fund” under applicable securities laws as the Fund has engaged the Affiliated MLOs to: (i) originate or otherwise secure mortgages on the Fund’s behalf; and (ii) as agent for the Fund, administer the mortgages that the Affiliated MLOs so originate or otherwise secure for the Fund. However, the Fund will be managed by the Manager, a registered investment fund manager and restricted portfolio manager, in accordance with the Designation Order. The Fund is intended to be an “Operational MIE” as such term is defined in the Designation Order.

The Mortgage Entities

The Fund expects to make Eligible Investments through holding entities controlled by the Fund or the Manager or for which either the Fund or the Manager has significant influence. Such holding entities may be created from time to time as determined by the Manager and shall be domiciled in Canada, the United States, Mexico and/or other such jurisdictions as the Manager deems appropriate. These holding entities may also issue securities or take other investments from other investors.

The Fund currently holds its Eligible Investments in Canadian properties through the Canadian Mortgage Entity, a limited partnership formed under the laws of Alberta.

The Mortgage Entities will obtain such licenses and registrations as are necessary or desirable in order to finance Eligible Investments in certain jurisdictions. Costs associated with the initial and ongoing licensing and registration of Mortgage Entities determined to be advantageous by the Manager will be reimbursed by the Fund.

Investment Objectives and Strategies

The Fund’s investment objective is to preserve invested capital and generate a steady stream of income to investors by directly and indirectly investing in Eligible Investments. The Eligible Investments will provide income to the Mortgage Entities through receipt of interest payments, payable either periodically throughout the term of the mortgages or upon their expiration. The Trust will, indirectly through the Mortgage Entities, invest in Eligible Investments.

The Fund’s investment strategy is to make prudent investments in Eligible Investments selected by the Manager.

The Fund focuses on Eligible Investments located: (i) in Canada: Alberta, British Columbia, Manitoba, Ontario and Saskatchewan; (ii) in the U.S.: states where the U.S. MLO is duly licensed (including Arizona, California, Colorado, Florida, Texas and Washington); and (iii) in Mexico: vacation destinations such as Cabo San Lucas (includes Las Cabos Corridor), Cancun, Cozumel, Huatulco, Mayan Rivera (includes Playa del Carmen and Tulum), Puerto Vallarta, and

San Miguel de Allende. In Canada, the Fund will primarily target domestic borrowers with a secondary focus on non-resident foreign national borrowers. In the U.S. and Mexico, the Fund will target non-resident foreign national borrowers and Canadian and U.S. non-resident foreign nationals borrowers, respectively. The Manager's investment strategy seeks to properly service the foreign national market and in doing so create a borderless, frictionless, multinational lending ecosystem that few competitors adequately service.

The Fund intends to provide financing for the following real estate sectors: residential, multi-family residential, investment properties and commercial mortgages, construction loans, land financing, condominium financing, industrial and office, with some variation across the jurisdictions in which it invests.

In Canada, the U.S. and Mexico, the Fund will focus on investing in Eligible Investments secured by Allowable Security on real property being acquired or refinanced by a person who is deemed qualified by the Manager. In Canada and the U.S., security for Eligible Investments will generally be by mortgage or trust deed with both first and second mortgages being permitted. Third mortgages are permitted where the third mortgage is collateral security to a first or second mortgage. In Mexico, security for Eligible Investments will be by a Mexican Trust, where the Partnership will, directly or indirectly, be the first beneficiary or the first assignee of the trust, as applicable, with no other debt being permitted.

Specifically, the Manager will provide four types of mortgages in Canada and the U.S.; those being fixed term, bridge, fix & flip and ground-up construction, as further described below. In Mexico, the Manager will only provide fixed term mortgage financing.

The Fund expects to source Eligible Investments from the Affiliated MLOs acting as agent retained by the Fund or the applicable Mortgage Entity and/or various other mortgage brokers or third parties by either: (a) acquiring Eligible Investments for the Fund from the Manager's pipeline of mortgage referral sources; or (b) acquiring Eligible Investments from third parties.

The Manager will use innovative lending strategies and competitive advantages, namely: (i) currency hedging; (ii) flexible structure terms, (iii) automated mortgage origination and rule-based automated underwriting systems, (iv) its ability to generate proprietary deal flow, (v) access to financing through institutional banks or financial investors that is available at a cost of funds which is lower than the Fund's cost of investor capital; and (vi) unique proprietary mortgage products. See **Item 2.2.3 - Investment Strategy - Competitive Advantage**.

The Trust and the Partnership have limited operating history. The Partnership is a partial "blind pool", meaning that other than the Eligible Investments and Enforcement Properties described herein, the investments to be made by the Partnership, indirectly with the proceeds of the Offering, have not yet been identified. See **Item 2.4.2 - Current Eligible Investments and Enforcement Properties** and **Item 9 - Risk Factors**.

See also **Item 2.2.2 - Investment Objective** and **Item 2.2.3 - Investment Strategy**.

The information and expectations presented above are forward-looking statements and are based on the Manager's reasonable assumptions as at the date of this Offering Memorandum. There can be no assurance that the condition, event, plans and assumptions on which such forward-looking statements are based will occur. See Item 9 - Risk Factors.

Eligible Investments and Allowable Security

Eligible Investments

In Canada and the U.S., Eligible Investments include: (i) Allowable Securities secured by; and (ii) land leases for; the following types of real estate:

- **Residential Properties:** single family detached homes (stick built or modular), duplex/single family attached homes, row townhouses, one to four unit residential properties, Canadian condominiums (CMHC endorsed), U.S. condominiums (Fannie Mae warrantable), U.S. condominiums (eligible non-warrantable), U.S. Planned Unit Development, developer in charge of condominiums, condotels, manufactured homes affixed to land, acreage properties under 10 acres in a residential subdivision, hobby farms as well as all forms of residential revenue properties. For new residential construction, where applicable, in Canada the property must be CMHC approved and conform to other CMHC guidelines, in the U.S. the property must be Fannie Mae

approved and conform to other Fannie Mae guidelines, and other residential real estate as the Manager may deem appropriate from time to time; and

- **Commercial Properties:** residential properties with five or more units, multi-tenant apartment buildings, mixed use residential and commercial/retail properties, retail shopping centers, industrial buildings, commercial properties, office properties, non-residential parcels of land and leases to individuals or corporate entities, and other residential real estate as the Manager may deem appropriate from time to time.

In Mexico, Eligible Investments include Allowable Securities secured by the following types of real estate: single family detached homes, duplex/single family attached homes, row townhouses, one to four unit residential properties, condominiums, condotels, manufactured homes affixed to land, acreage properties under 10 acres in a residential subdivision as well as all forms of residential revenue properties.

The Eligible Investments summarized above, together with other types of similar investments deemed to be Eligible Investments by the Manager are collectively referred to herein as the Eligible Investments. For greater certainty, if the Fund determines to acquire Eligible Investments in an additional jurisdiction, Eligible Investments shall include such other investments in such jurisdiction as determined by the Manager.

Land leases will also form a part of the Eligible Investments. In Canada and the U.S. land lease investments will be on real property consisting primarily of residential subdivision lots, as well as some commercial properties. Land leases will not be available in Mexico.

The composition of the Fund will vary over time depending on the Manager's assessment of the appropriate strategy given overall market conditions and longer-term prospects. The type of Eligible Investments available to the Fund will depend in part upon market conditions.

Allowable Security

In Canada and the United States, Allowable Security for the Fund's Eligible Investments includes one or more of the following: mortgage, hypothec, promissory note, deed of trust, registerable loan agreement, agreement for sale, caveat, lien, land lease (or assignment thereof), borrower corporate guarantee, borrower personal guarantee, direction to pay, assignment of rents and leases, and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to, or an interest in, real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager.

In Mexico, Allowable Security for the Fund's invested capital is a Mexican Trust. The Mexican Trust used to secure the Fund's invested capital will have the Partnership, directly or indirectly, as first beneficiary or first assignee, as applicable, of the Mexican Trust and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to or an interest in real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager.

The Manager may determine from time to time to permit other forms of Allowable Security. If the Fund determines to acquire Eligible Investments in an additional jurisdiction, Allowable Security shall include similar loan security in such jurisdiction as determined by the Manager.

Borrowing

The Fund or the Mortgage Entities may obtain one or more credit facilities secured by their assets. While the maximum leverage limit of the Partnership is 3:1 pursuant to the Partnership Agreement, Management has determined to limit the leverage of the Fund as a whole to 1:1. See **Item 2.2.3 - Investment Strategy - Financing Strategy**.

Initial Acquisition

On December 22, 2022, the Trust, by way of a plan of arrangement, indirectly acquired the Eligible Investments and Enforcement Properties from CapMIC and Cedar II. As consideration for such Eligible Investments and Enforcement Properties, the Trust paid an aggregate purchase price in the amount of \$33,619,015.92, satisfied by the issuance of 25,217,961 Series F Units to the shareholders of CapMIC and Cedar II valued at \$25,217,878.82 and cash in the amount of \$8,401,137.10. Immediately following the closing of the plan of arrangement, the Trust transferred its indirect interest to such Eligible Investments and Enforcement Properties to the Partnership in exchange for an equal number of Series F LP Units to the number of Series F Units the Trust issued to shareholders of CapMIC and Cedar II, such Series F LP Units to be

the Corresponding LP Units.

See **Item 2.4.1 - Initial Acquisition**.

The Offering

The Offered Units are offered to persons resident in the Offering Jurisdictions pursuant to certain exemptions from the prospectus requirements contained in the securities legislation in the Offering Jurisdictions. Under no circumstances will the Trust accept a subscription for Trust Units if its distribution cannot be made in reliance on any such exemption. Persons resident in the province of Québec are not permitted to rely on the offering memorandum exemption contained in Section 2.9 of NI 45-106.

Any monies received with a rejected order will be promptly refunded without any interest. See **Item 5.2 - Subscription Procedure**.

Securities Offered

Investments in the Trust are represented by Trust Units. The Trust is permitted to have an unlimited number of series of Trust Units, which may be created and issued by the Trustees in their sole discretion from time to time, having such attributes as determined by the Trustees.

The Offered Units are comprised of the following:

- **Series A Units:** this series of Trust Units is offered to Investors who are not eligible to purchase Series F Units and may pay commissions directly to their dealer;
- **Series C Units:** this series of Trust Units is offered to Investors who are not eligible to purchase Series A Units or Series F Units; and
- **Series F Units:** this series of Trust Units is offered to Investors who purchase such units through a dealer sponsored fee for service or wrap program and who pay an asset-based fee to their dealer.

Price Per Security

The price per Offered Unit shall be \$1.00 per Offered Unit as at the date of this Offering Memorandum. The price per Offered Unit will be determined by the Manager, from time to time, and will be set forth in the Subscription Agreement entered into between the Investor(s) and the Trust. The price per Offered Unit shall be determined by the Manager with reference to the Net Asset Value of the Corresponding LP Units.

Minimum / Maximum Offering and Insufficient Funds

There is no minimum or maximum Offering. You may be the only Investor. Trusts available under the Offering may not be sufficient to accomplish our proposed objectives. See **Item 9 - Risk Factors**.

Minimum Subscription Amount

The minimum investment in the Trust for Series A Units and Series C Units is \$10,000. The minimum investment in the Trust for Series F Units is \$25,000. These minimum amounts may be waived by the Manager, in its sole discretion. See **Item 5.2 - Subscription Procedure**.

Payment Terms

Investors must pay the subscription price in full, by certified cheque, bank draft, wire transfer or such other manner as may be accepted by the Manager at the time of delivering a fully completed and signed Subscription Agreement. See **Item 5.2 - Subscription Procedure**.

Proposed Closing Date(s)

Closings will occur from time to time at the discretion of the Manager.

Purchase of LP Units

The Trust will use the proceeds of the Offering of the Offered Units to purchase LP Units of a corresponding series as set forth below:

Series of Offered Units	Corresponding Series of LP Units
Series A Units	Series A LP Units
Series C Units	Series C LP Units
Series F Units	Series F LP Units

The specific LP Unit that is acquired by the Trust with the proceeds the Trust received from the issuance of a particular Trust Unit is referred to herein as that Trust Unit's Corresponding LP Unit.

Partnership

Distributions, including without restriction returns of capital, in such amount as may be

Distributions

determined by the General Partner, may be declared payable by the General Partner on such day or days and to Partners of record as at the close of business on such day or days as the General Partner from time to time determines, with such an amount referred to herein as the Distribution Amount. For greater certainty, a distribution may be made with respect to one or more series and not with respect to one or more other series provided that no distribution may be made with respect to a series if the Net Asset Value of such series after such distribution would be reduced to below zero.

The Distribution Amount in respect of each series shall be distributed as follows:

- (a) to the General Partner, in the first instance, whereby the General Partner will receive 0.001% of the Distribution Amount allocated to such series, up to a maximum amount of five thousand dollars (\$5,000) per calendar year; and
- (b) the remainder of the Distribution Amount shall be distributed to the holders of LP Units of the applicable series equally on a unit-for-unit basis.

Notwithstanding the above, in the event that an LP Unit was not issued and outstanding each day within a period to which a Distribution Amount relates, then the amount distributed in respect of such LP Unit may be adjusted by the General Partner, acting in its sole discretion, to be the product obtained when the amount that would have been distributed if the LP Unit had been issued and outstanding each day within such period is multiplied by the quotient obtained when (a) the number of days in such period during which such LP Unit was issued and outstanding, is divided by (b) the total number of days in such period, and such amount shall be payable as the distribution in respect of such LP Unit.

Notwithstanding the above, the Partnership may not make distributions where the Partnership would, after the distribution, be unable to discharge the liabilities of the Partnership or would contravene the Partnership Act. See **Item 5.1.2 - Distributions - Partnership Distributions**.

Special Allocation

In addition to any distributions declared pursuant to the above, in respect of each LP Unit and each Special Allocation Period, the Special Limited Partner shall be entitled to a distribution equal to the lesser of (a) and (b) where:

- (a) equals the SLP Percentage of the Aggregate Overall Appreciation during such Special Allocation Period; and
- (b) equals the positive difference, if any, between the Net Asset Value per LP Unit at the end of such Special Allocation Period (prior to the deduction of any Special Allocation for such Special Allocation Period and adjusted as necessary to reflect any distributions made by the Partnership during such Special Allocation Period) and the Adjusted Net Asset Value per LP Unit;

with the amounts distributable to the Special Limited Partner being referred to herein as the Special Allocation.

The Special Allocation is estimated and accrued on each date that the Net Asset Value is determined (such that the Net Asset Value per Unit reflects such accrual). The Special Allocation will be calculated and accrued at intervals to be determined by the General Partner and crystalized at the end of each Special Allocation Period. At such intervals, the General Partner will determine if the Special Limited Partner would have been entitled to a Special Allocation had the Special Allocation Period ended at that time. If a Special Allocation would have been made under those circumstances then the amount of the Special Allocation will be paid to the Special Limited Partner. The Special Allocation will be recalculated and crystalized at the end of the actual Special Allocation Period and the Special Limited Partner will reimburse the Partnership for any excess payments received by the Special Limited Partner taking into account the performance of the Partnership during the entire Special Allocation Period.

Special Allocations with respect to a Series A LP Unit, Series C LP Unit and Series F LP Unit are paid out of the assets of the Partnership attributable to the series to which the Unit belongs and are not specifically allocated to the holder of such Series A LP Unit, Series C LP Unit and Series F LP Unit.

The Special Limited Partner may, in its sole discretion, agree with a Limited Partner to waive the entitlement of the Special Limited Partner to all or a portion of the Special Allocation attributable to some or all of the LP Units held by such Limited Partner. All amounts of Special Allocation so waived will be deemed for all purposes of this Agreement to be allocated for purposes of the Tax Act to the applicable Limited Partner. The Special Limited Partner may pay or direct the General Partner to pay all or a portion of any Special Allocation it is entitled to receive to third parties, including registered dealers whose clients hold LP Units of the Partnership. Any such arrangements will be made in accordance with applicable law. Such payments may be modified or discontinued by the Special Limited Partner at any time.

See **Item 5.1.2 - Distributions - Partnership Distributions - Special Allocation.**

Trust Distributions

When the Trust receives a distribution from the Partnership with respect to a Corresponding LP Unit, the Trust will promptly pay or make payable a distribution to the holder of record of the applicable Trust Unit in an amount equal to the distribution received with respect to the Corresponding LP Unit.

Notwithstanding the foregoing, the Trustees or the Manager may reduce the amounts distributable to holders of Trust Units which the Trustees or the Manager may reasonably consider to be necessary to provide for the payment of costs, expenses or liabilities of the Trust, including tax liabilities and any reserves.

See **Item 5.1.2 - Distributions - Trust Distributions.**

Distribution Policy of the Trust and the Partnership

The Partnership seeks to create a portfolio of Eligible Investments that will enable the Partnership to make distributions to its limited partners (including the Trust) on a regular basis, with the amount of any such distributions determined by the Manager in its sole discretion. Such distributions, if any, will generally be made on a quarterly basis, however, the Manager may vary the amount and frequency of distributions in its sole discretion. Distributions from the Partnership are not guaranteed.

The Trust intends to distribute amounts received from the Partnership to Trust Unitholders in accordance with the Declaration of Trust. Although it is the Partnership's intention that distributions on the LP Units be primarily paid from cash flow from the Partnership's investments, in certain circumstances, payments and distributions may exceed the cash flow of the Partnership for any particular distribution period. In such circumstances, distributions to the Trust (and in turn the Trust Unitholders) may consist, directly or indirectly, of the proceeds from the sale of securities by the Trust (including this Offering).

The return on an investment in the Offered Units is not comparable to the return on an investment in fixed-income securities. Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Trust. Any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Trust intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Trust to make cash distributions and the actual amount distributed depends on the receipt of distributions from the Partnership, and by the Partnership from the Mortgage Entities, and the performance of the Eligible Investments acquired by the Mortgage Entities, and will be subject to various factors including those referenced in **Item 9 - Risk Factors**. The value of the Offered Units may decline if the Trust is unable to meet its cash distribution targets in the future and that decline may be significant.

See **Item 5.1.2 - Distributions** and **Item 5.1.3 - Distribution Policy of the Trust and the Partnership.**

It is important for Investors to consider the particular risk factors that may affect the industry in which they are investing and therefore the stability of the distributions that Trust Unitholders receive. See, for example, **Item 9.3 - Risks Related to Acquisition of Eligible Investments** and **Item 9.4 - Risks Pertaining to the Business**, which also describes the Trust's assessment of those risk factors, as well as the potential consequences to a Trust Unitholder if the events contemplated by a particular risk factor should occur.

Distribution Reinvestment Plan

The Trust has adopted the DRIP, which will allow eligible holders of Trust Units to elect to have their cash distributions (if any) reinvested in additional Trust Units of the same series, such that such electing Trust Unitholder will receive 100% of their distribution amount in additional Trust Units through the DRIP.

Trust Unitholders may freely move into and out of the DRIP on a quarterly basis by notifying the Manager at least fifteen (15) business days prior to the end of each quarter.

The purchase price of the Trust Units purchased under the DRIP shall be determined by the Manager in its sole discretion from time to time, provided that unless otherwise determined by the Manager, the issuance price for Trust Units that are being distributed by the Trust at such time will be the then issue price of the applicable series of Trust Units.

The Manager may, at its discretion, terminate the DRIP.

See **Item 2.8.6 – Distribution Reinvestment Plan (DRIP)**.

Redemption and Retraction

Right of Redemption

Each Trust Unitholder may require the Trust to redeem at any time or from time to time at the demand of the Trust Unitholder all or any part of the Trust Units registered in the name of the Trust Unitholder, at the prices determined and payable in accordance with the terms and conditions hereinafter provided.

Exercise of Redemption Right

To exercise a Trust Unitholder’s right to require redemption, the Trust Unitholder must send a duly completed and properly executed notice requiring the Trust to redeem Trust Units, in a form approved by the Manager, to the Manager at the head office of the Trust and, if a transfer agent has been appointed, at the head office of the transfer agent. No form or manner of completion or execution is sufficient unless the same is in all respects reasonably satisfactory to the Manager and, if a transfer agent has been appointed, the transfer agent, and is accompanied by any further evidence that the Manager and such transfer agent may reasonably require with respect to the identity, capacity or authority of the person giving such notice. Any expense associated with the preparation and delivery of redemption notices is for the account of the Trust Unitholder exercising the redemption privilege.

Trust Units may be redeemed as at the last business day of each calendar month (i.e. a Redemption Date). The redemption notice shall be delivered to the Trust at least thirty (30) days prior to the Redemption Date. A Trust Unitholder that redeems its Trust Units on a Redemption Date ceases to have any rights with respect to the Trust Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for herein) including the right to receive any distributions thereon which are declared payable to the Trust Unitholders of record on a date which is subsequent to the Redemption Date.

Redemption Price

Subject to the limitations in the following paragraphs, upon receipt by the Trust of the notice to redeem a Trust Unit, the applicable Trust Unitholder is entitled to receive the Redemption Price for such Trust Unit being redeemed equal to redemption proceeds received by the Trust from the Partnership with respect to the Trust’s redemption of the Corresponding LP Unit, which shall in turn be an amount equal to the Net Asset Value per LP Unit determined at the Redemption Date, multiplied by the Redemption Charge set out in the table below.

Period of time between the issuance date of the LP Unit being redeemed and the Redemption Date	Redemption Charge		
	Series A	Series C	Series F
< 1 year	98%	94%	99%
1 year to < 2 years	99%	96%	100%
2 years to < 3 years	100%	98%	100%
3 years and greater	100%	100%	100%

For greater certainty, the Series F LP Units issued as Corresponding LP Units to the Series F Units issued as consideration for the Initial Acquisition are not subject to a Redemption Charge.

The General Partner may, in its sole discretion, waive the application of the percentage set out above.

Pursuant to the foregoing table, a Trust Unitholder will receive a lower Redemption Price if such Trust Unitholders redeems his or her Offered Units within a certain period of time from the date of investment (depending on the series of Trust Unit held by the Trust Unitholder). This is intended to protect the Trust and existing Trust Unitholders from a reduction in the value of the Trust due to the payment of Selling Commissions and offering costs.

Cash Redemption

The Redemption Price payable in respect of the Trust Units redeemed on a Redemption Date is to be satisfied by way of a cash payment not later than thirty (30) days following the Redemption Date. Payments made by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment or by confirmation of wire transfer or by electronic transfer of funds to the Trust Unitholder's bank account. Upon such payment, the Trust is discharged from all liability to the former Trust Unitholder and any party having a security interest in respect of the Trust Units so redeemed (other than in respect of unpaid distributions with a record date prior to the Redemption Date).

No Cash Redemption in Certain Circumstances

The foregoing does not apply to Trust Units tendered for redemption by a Trust Unitholder, where:

- (a) the total amount payable by the Trust pursuant to the foregoing and the Partnership pursuant to the Partnership Agreement, in respect of such Trust Units and all other Trust Units and/or LP Units validly tendered for redemption on a Redemption Date (excluding for greater certainty, LP Units tendered for redemption by the Trust) exceeds the Redemption Limit; provided that the Trustees or the Manager may, in their sole discretion, waive or increase such limitation in respect of all Trust Units tendered for redemption in any calendar month;
- (b) in the Trustees' or the Manager's opinion (in their sole discretion), the Trust is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in the Trustees' or the Manager's opinion (in their sole discretion), the Trust has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust Unitholders or the Trust, generally.

In the event that the Redemption Limit is exceeded in a calendar month, the cash amount payable by the Trust and the Partnership shall be split amongst them on a *pro rata* basis based on the total amount payable by the Trust and by the Partnership in respect of redemptions in such calendar month. Subject to the order of redemptions described in **Item 5.1.4 - Redemption and Retraction of Trust Units - Order of Redemptions**, Trust Units to be redeemed on a Redemption Date in which the total amount payable by the Trust exceeds the cash amount allocated to the Trust are to be redeemed for a combination of cash and an issuance of Redemption Notes on a *pro rata* basis, subject to any applicable regulatory approvals.

If, as a result of any limitations in (b) or (c) above, a Trust Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust Unitholders' Trust Units tendered for redemption, then the Redemption Price per Trust Unit to which the Trust Unitholder would otherwise be entitled will be paid and satisfied by the issuance of a Redemption Note to such Trust Unitholder, subject to any applicable regulatory approvals.

The Trustees or the Manager will notify Trust Unitholders at least fourteen (14) days prior to a Redemption Date if it intends to issue Redemption Notes on such Redemption Date. At any time in the five (5) days following the date of the Trustees' or the Manager's notice, a Trust Unitholder may rescind its notice of redemption. If a Trust Unitholder fails to rescind its notice of redemption, the Trustees or the Manager shall issue Redemption Notes to such Trust Unitholder on the

Redemption Date with respect to its *pro rata* portion of the redemption proceeds that are not paid in cash.

Retraction of Trust Units by the Trustees or the Manager

The Trustees or the Manager may, in their sole discretion, at any time and from time to time, upon duly providing a Retraction Notice, retract one or more of the then outstanding Trust Units, as if such Trust Units were tendered by the applicable holder for redemption as at the Redemption Date. The redemption provisions summarized above apply *mutatis mutandis* with respect to such retraction, provided that the Redemption Price with respect to a Trust Unit that is being retracted pursuant to the above shall not be subject to the Redemption Charge set out in the table above. For greater certainty, Retraction Notices may be given to one or more Trust Unitholders to the exclusion of other Trust Unitholders.

Notwithstanding the foregoing, in the event that a retraction of outstanding Trust Units is initiated by the Manager or Trustees in circumstances where the Trustees or Manager determines, in their reasonable discretion, that continued undiminished membership of the Trust Unitholder in the Trust would: (a) constitute or give rise to a violation of applicable law; or (b) otherwise subject the Trust or the other Trust Unitholders to material onerous legal, tax or other regulatory requirements or consequences that cannot reasonably be avoided, then:

- (a) the Redemption Charge set out in the table above shall continue to apply; and
- (b) the Trust may complete such retraction: (i) notwithstanding any suspension of redemptions; and/or (ii) without regard to the requirement that any postponement of payment of the Redemption Price or payment of the Redemption Price through the issuance of Redemption Notes be applied on a *pro rata* basis.

Suspension of Redemptions

As an extraordinary measure and subject to the unanimous approval of the Independent Trustees, the Trustees, on the advice of the Manager, may suspend the redemption of Trust Units or postpone the date of payment of redeemed Trust Units if the Trustees or the Manager reasonably determine that: (a) the Trust's assets are invested in such a manner so as to not reasonably permit timely liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by the Trust of a sufficient part of its investments is not reasonable or practicable, or would be prejudicial to the Trust or Trust Unitholders generally; (c) not suspending redemptions would have an adverse effect on continuing Trust Unitholders; or (d) they are unable to value the assets of the Trust. The Trustees or the Manager may also suspend the redemption of Trust Units upon an announcement by the Trustees that the Trust will be terminated. For greater certainty, the intention of this provision is not to generally restrict the ability of Trust Unitholders to redeem Trust Units, but rather to permit the Trustees or the Manager to protect the Trust and/or its Trust Unitholders from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

Reference should be made to the Declaration of Trust for a complete description of all the terms of the Offered Units.

See **Item 2.8.1 - Declaration of Trust**, **Item 5.1.4 - Redemption and Retraction of Trust Units** and **Item 9 - Risk Factors**.

Transfers of Trust Units

No Trust Unitholder shall transfer or dispose of its Trust Units to any other person except with the prior written consent of the Manager and in compliance with applicable securities laws and the Declaration of Trust. See **Item 5.1.5 - Transfers of Trust Units**.

The Manager

The Trust and the Partnership have retained the Manager to, among other things: (a) establish the strategic direction of the Fund; (b) design the investment program of the Partnership, determine the investment objectives, investment restrictions and/or investment policies of the Partnership and establish the Lending Committee and determine the policies and duties of such Lending Committee from time to time; (c) oversee the identification and evaluation of (including conducting any due diligence required) and determine the acquisitions or dispositions by the Partnership of any Eligible Investment from time to time; and (d) supervise property management, mortgage administration, financial and business planning services for the Fund, including overseeing the Eligible Investments and operations of the Enforcement Properties. See **Item 2.1.6 - The Manager**.

The Manager has a proven track record in the business of originating, underwriting, servicing and syndicating mortgages in the non-prime mortgage market segments in Canada for over twenty-five years. The Manager has operating in the U.S. since 2020 and in Mexico since 2008. For a summary of the Manager's operating history and the experienced personnel of the Manager, see **Item 2.3 - Manager Operating History** and **Item 3.3 - Management Experience**, respectively.

The Affiliated MLOs

The Manager holds Canadian mortgage broker/financing corporation and servicing licenses, and originates and administers mortgages in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan.

In addition to the management, administrative and governance services provided by the Manager to the Trust and the Partnership, in its capacity as manager of the Partnership and the Trust, the Partnership has retained the Manager in its capacity as mortgage broker to provide mortgage administration services pursuant to the Mortgage Administration Agreement including to, among other things: (a) identify potential Eligible Investments for origination by the Mortgage Entities; (b) evaluate prospective Eligible Investments, including conducting any due diligence required; (c) undertake and perform all acts, duties and responsibilities with respect to the origination, administration and servicing of Eligible Investments, and negotiating and carrying out the origination of Eligible Investments; and (d) directly through its own marketing efforts, or indirectly through third-party mortgage referral sources, procure new Eligible Investments. See **Item 2.8.4 - Mortgage Administration Agreement**.

The U.S. MLO, a C-corporation formed under the laws of Arizona, holds U.S. mortgage lender/broker and servicing licenses in Arizona, California, Colorado, Florida, Texas and Washington. In addition, the U.S. MLO can originate business purpose mortgage loans in 35 of 50 U.S. states. The U.S. MLO will continue to add mortgage lender/broker licenses as required with first consideration being given to Hawaii and Michigan.

The Manager and the U.S. MLO may receive referrals for loans outside of their primary jurisdictions.

Mexico does not have any mortgage lender/broker licensing requirements and, as such, no Affiliated MLO will be formed under the laws of Mexico. The Manager and the U.S. MLO may source Eligible Investments in Mexico provided the loans are originated outside of Mexico. The Manager may engage third party mortgage brokers to receive referrals for, originate or service Eligible Investments in Mexico. Mortgages are secured through a Mexican Trust.

The Affiliated MLOs will obtain such licenses and registrations as are necessary or desirable in order to operate as mortgage lenders/mortgage brokers in certain jurisdictions.

Any other mortgage loan originators affiliated with the Manager, together with the Manager, in its capacity as mortgage loan originator and administrator, and the U.S. MLO, are referred to herein as the Affiliated MLOs.

The Affiliated MLOs are entitled to charge a Lending Fee to borrowers and are entitled to the Mortgage Administration Fee pursuant to the Mortgage Administration Agreement. See **Item 3.2 - Fees and Expenses** and **Item 2.8.4 - Mortgage Administration Agreement**.

The Affiliated MLOs agree to use reasonable commercial efforts to source Eligible Investments. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**. All mortgage underwriting will be administered out of the Fund's head office in Edmonton and, as such, the Manager will maintain the Lending Committee to review all proposals regarding Eligible Investments and will approve or reject all such opportunities. See **Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions - Lending Committee**.

See **Item 2.1.7 - The Affiliated MLOs**.

Management Fees and Other Fees and Expenses

The Partnership will pay the Management Fee and the Mortgage Administration Fee to the Manager and reimburse the Manager for certain expenses. See **Item 3.2 - Fees and Expenses**.

Management Fee

For providing management services to the Trust and the Partnership, the Partnership will pay a monthly fee to the Manager in an amount equal to one twelfth ($\frac{1}{12}$ th) of one percent (1%) of the

Gross Asset Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month. No Management Fee shall be payable on Series M LP Units.

The Management Fee may vary for other series of Trust Units and LP Units and is treated as an expense attributed to a particular series of LP Units.

See **Item 2.8.3 - Management Agreement.**

Mortgage Administration Fee

For providing mortgage administration services related to the Fund, the Partnership will pay to the Manager a monthly fee in an amount equal to one twelfth ($\frac{1}{12}$ th) of one quarter of one percent (0.25%) of the Mortgage Administration Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.

The Partnership and/or the Mortgage Entities intend(s) to enter into mortgage administration agreements with other Affiliated MLOs on similar substantive terms (including the payment of fees) as the Mortgage Administration Agreement.

See **Item 2.8.4 - Mortgage Administration Agreement**

Special Allocation

Pursuant to the Partnership Agreement, the Special Limited Partner will be entitled to receive the Special Allocation. See **Item 5.1.2 - Distributions - Partnership Distributions.**

Expenses

The Trust and the Partnership will pay for all expenses relating to the administration, management and operation of the Trust and the Partnership, including all general and administrative expenses, marketing and operating expenses, fund management software expenses, insurance costs, expenses related to the acquisition and disposition of Eligible Investments, costs associated with the licensing and registration of Mortgage Entities (if any), legal, banking, audit and accounting fees, investor reporting and meeting costs, printing and mailing costs and costs incurred in connection with any governmental or regulatory filing requirements.

The Manager may from time to time during the term of the Management Agreement incur certain costs for and on behalf of the Fund in the performance of its duties under the Management Agreement. In any such event, the Fund shall reimburse the Manager immediately upon the request of the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations under the Management Agreement.

In addition, to the extent that the Manager or its affiliates performs any real estate agent, leasing, exempt market dealer, project management, mortgage origination and enforcement, construction general contractor or property management services, in addition to the services described in the Management Agreement, it may earn additional fees at market rates for such services provided. See **Item 2.8.3 - Management Agreement - Fees and Expenses.**

Mortgage Broker and Lending Fees

The Manager, a mortgage broker, and the U.S. MLO, a mortgage banker, will originate and administer the Eligible Investments in which the Partnership is expected to invest. For services related to the Eligible Investments, the Manager or the U.S. MLO will receive a Lending Fee referenced to the principal amount of the loan to be paid directly by the borrower (with the Fund acknowledging that it has no right or interest in this fee). For greater certainty, the Lending Fee shall be net of any fees for commissions that are payable by the Manager or U.S. MLO to individual or third-party brokers in connection with the applicable Eligible Investment.

The Lending Fee paid by the borrower may be: (a) deducted from the initial mortgage advance; (b) paid by a spread between the face interest rate of the mortgage and the net interest rate paid to the Fund (i.e. interest rate spread); or (c) a combination of (a) and (b).

The Manager and the U.S. MLO are entitled to retain all of the work-related fees, such as lender, broker, origination, commitment, renewal, extension, document preparation, late payment, pre-

payment, discharge, participation, NSF and administration fees, and any similar fees, that may be charged to the borrowers of the mortgages that the Manager or the U.S. MLO originate and/or administer on behalf of the Fund.

Borrowers will be charged fees for services generally provided by a real estate agent, mortgage broker or underwriter where the Manager directly provides such services. Such fees include, but are not limited to underwriting fees, real estate disposition fees, mortgage brokerage fees, mortgage banker fees and property lease fees.

The Manager will be responsible for the payment of compensation to third parties that originate and administer Eligible Investments for the Fund.

The Fund may rely on the Affiliated MLOs and third-party mortgage brokers to originate and administer Eligible Investments for the Fund.

**Relationship
with the Manager
and the Affiliated
MLOs**

As entities managed by the Manager, the Trust and the Partnership operate differently from independent, stand-alone entities. The sole director of the Manager, Brian Menges, is also a director of the General Partner and a Trustee of the Trust and the General Partner is a wholly-owned subsidiary of the Manager. The Manager, in its capacity of manager of the Partnership and the Trust, provides management services to the Trust and the Partnership pursuant to the Management Agreement.

In addition, the Affiliated MLOs are all affiliates of the Manager. The Manager, in its capacity as mortgage loan originator and administrator, provides mortgage administration services to the Partnership pursuant to the Mortgage Administration Agreement and the Partnership and/or the Mortgage Entities intend(s) to enter into mortgage administration agreements with other Affiliated MLOs. The Fund relies on the services provided by the Affiliated MLOs.

The services of the Manager and its directors, officers and employees are not exclusive to the Fund and the Manager, its directors, officers, employees and affiliates may at any time engage in promoting or managing any other entity or its investments including those which may compete directly or indirectly with the Fund. Under the terms of the Declaration of Trust, the Partnership Agreement and the Management Agreement, the Fund acknowledges and agrees that the Manager may pursue other business activities and provide services to third parties that compete directly or indirectly with the Fund, provided that Eligible Investments be offered to the Fund in accordance with the Mortgage Administration Agreement and any mortgage administration agreements entered with the Affiliated MLOs.

The Affiliated MLOs will offer to the Fund all potential investments that satisfy the Fund's guidelines with respect to borrower credit ratings, property types, property locations, Fund underwriting guidelines, and other loan characteristics and considerations. However, there is no obligation for the Fund to fund such potential investments, which may be subject to factors such as the availability of the Fund's investment capital and portfolio construction considerations. For greater certainty, there is no obligation for the Affiliated MLOs to offer potential investments that fall outside of the Fund's guidelines to the Fund. For example, prime rate mortgages, which compete directly with banks and other financial institutions, will not be offered to the Fund by the Affiliated MLOs in Canada and the U.S. because the interest rates charged by the Fund are higher than those charged by prime rate lenders.

These relationships, including potential conflicts of interest and other material considerations arising from the Fund's relationship with the Manager and the Affiliated MLOs are described in further detail under **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs, Item 2.1.9 - Conflicts of Interest, Item 2.1.11 - Competing Interests, Item 2.8.3 - Management Agreement and Item 2.8.4 - Mortgage Administration Agreement**

**Independent
Board**

The General Partner and the Manager have appointed Independent Directors and Independent Trustees, respectively. Each member of the Independent Board is "independent" as such term is defined in NI 52-110.

The unanimous approval of the Independent Board (in addition to the requisite majority of directors of the Manager, the General Partner or the Trustees, as applicable) shall be required with respect to any Conflict of Interest Matter regarding the business of the Trust, the Partnership, the Manager and the General Partner (other than the entering into of the Management Agreement and the other agreements contemplated in an offering document), including but not limited to: (i) the approval of any related-party transactions or contracts

(including the acquisition of Eligible Investments or enforcement action to acquire Enforcement Properties) involving the Trust, the Partnership, the Manager, the General Partner or their directors, officers, shareholders or affiliates; (ii) the allocation of investment opportunities among the Partnership and other entities managed or controlled by the Manager; (iii) any material amendment to the Management Agreement; and (iv) the acquisition of Investments outside of Canada, the United States and Mexico.

The Partnership will pay the reasonable remuneration of each member of the Independent Board.

Term of the Trust and the Partnership

Subject to the Declaration of Trust, the Trust continues for an indefinite term or such prior date that is the earlier of: (a) the date the Trustees or the Manager have resolved to terminate and dissolve the Trust; (b) the date upon which the Partnership is wound up and dissolved pursuant to the Partnership Agreement; and (c) the date which is one day prior to the date, if any, the Trust would otherwise be void by virtue of any applicable rule against perpetuities then in force in Alberta. For the purpose of terminating the Trust by such date, the Trustees shall commence the dissolution of the Trust on such date as the Trustees may determine, being not more than two years prior to the end of the term of the Trust. See **Item 2.8.1 - Declaration of Trust - Term and Dissolution of the Trust.**

The Partnership shall dissolve and its affairs shall be wound up upon the earliest of: (a) the date upon which the General Partner resolves to dissolve the Partnership; (b) the date of the occurrence of any event that makes it unlawful for the activities of the Partnership to continue to be carried on; (c) the date that the General Partner resigns or is removed pursuant to the Partnership Agreement, unless a successor general partner has been appointed by Special Resolution of the Limited Partners within thirty (30) days of the resignation or concurrent with the removal, as applicable, of the outgoing General Partner, with any such appointment being deemed to have occurred on the date of the resignation or removal, as the case may be, of the outgoing General Partner; or (d) the date of completion of the disposition of all Eligible Investments and distribution to the Limited Partners of all net sale proceeds therefrom.

Subject to the mandatory provisions of the Partnership Act, the Partnership shall not dissolve at any other time or for any other reason whatsoever. The admission, withdrawal, bankruptcy or insolvency of the General Partner or a Limited Partner, or any transfer of LP Units, will not cause a dissolution of the Partnership. See **Item 2.8.2 - Partnership Agreement - Dissolution.**

Income Tax Consequences and Exempt Plans Eligibility

There are important income tax consequences relating to the ownership of these securities. The Trust has been advised that, provided that the Trust qualifies as a “mutual fund trust” for purposes of the Tax Act at all relevant times, the Offered Units will be qualified investments for Exempt Plans. You should consult your own professional tax advisors to obtain advice respecting any tax consequences to you. Although it is intended that the Trust qualify as a “mutual fund trust” for purposes of the Tax Act, the Trust will not be a “mutual fund” or “investment fund” under applicable securities laws. See **Item 7 - Income Tax Consequences and Exempt Plans Eligibility.**

Selling Agents and Compensation Paid to Sellers and Finders

The Trust will sell Offered Units under the Offering through agents that are: (a) exempt market dealers registered under applicable securities laws in Canada, including the Manager; or (b) investment dealers that are registered under applicable securities laws in Canada.

The Trust is a connected issuer and related issuer of the Manager, Caplink Financial Corporation. Caplink Financial Corporation acts as the Manager of the Trust and the Partnership and also owns all of the shares of the General Partner. Brian Menges beneficially owns, or has control or direction over, directly or indirectly, all of the shares of the Manager. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs.**

For the Selling Commissions that will be payable by the Trust in respect of the Offered Units, see **Item 8 - Selling Agents and Compensation Paid to Sellers and Finders.**

Concurrent and Subsequent Offerings

Concurrent with or subsequent to this Offering, the Trust and the Partnership may also offer additional securities, which may not have the same terms as the Series A Units, Series C Units and Series F Units of the Trust, or the Series A LP Units, Series C LP Units and Series F LP Units of the Partnership.

The Trust and the Partnership currently also offer Series M Units and Series M LP Units. The Manager’s management team or their affiliates may subscribe for Series M Units or Series M

LP Units. The terms of the Series M Units and Series M LP Units are the same as the Series F Units and Series F LP Units of the Trust and the Partnership, respectively, provided that no Management Fee or Special Allocation is payable by the Fund or the Partnership on the Series M Units and Series M LP Units.

The Trust or the Partnership may, from time to time, negotiate with additional Investors (such as institutional Investors) the terms of purchase of a new series of Trust Units or LP Units, as applicable, including the Management Fee, Hurdle and the distributions to the Special Limited Partner that will be paid by the Trust or the Partnership in respect of such Investor's Trust Units or LP Units, as applicable.

See **Item 4 - Capital Structure** and **Item 5 - Securities Offered**.

Risk Factors

It is strongly recommended that each prospective Investor, in order to assess tax, legal and other aspects of an investment in Trust Units, obtain independent advice with respect to the Offering and this Offering Memorandum. There is a risk that an investment in the Trust will be lost entirely. Only Investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider the purchase of Trust Units. An investment in the Trust Units is subject to a number of risks. **See Item 9 - Risk Factors.**

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Available Funds

The table below represents the estimated available funds under the Offering:

	Assuming \$20,000,000 Offering⁽¹⁾
A. Amount to be raised by this Offering	\$20,000,000
B. Selling Commissions and other fees ⁽²⁾⁽³⁾	\$800,000
C. Estimated Offering Costs (including legal, accounting and audit) ⁽²⁾⁽³⁾	\$80,000
D. Available Funds: $D = A - (B + C)$ ⁽⁴⁾	\$19,120,000
E. Additional Sources of Funding Required	\$0
F. Working Capital Deficiency	\$0
G. Total: $G = (D + E) - F$ ⁽⁴⁾	\$19,120,000

Notes:

- (1) There is no minimum or maximum Offering. The Fund may complete the issue and sale of Offered Units at any time and from time to time at one or more Closings until the Offering is terminated.
- (2) The amount assumes that all of the Offered Units issued under the Offering are Series C Units and that the Partnership pays an upfront commission of up to 4.0% of the gross proceeds realized on the sale of the Series C Units to the selling agents. The amount does not include any trailing commissions.
- (3) The Trust intends to use the net proceeds of the Offering of the Offered Units to purchase LP Units of a corresponding series. See **Item 1.2.1 - Use of Available Funds by the Trust**.
- (4) Available funds may not be sufficient to accomplish the Fund's objectives. There is no assurance that the Trust will realize sufficient funding under the Offering to permit it to acquire (through the Partnership) any interest in Eligible Investments (other than the Eligible Investments and Enforcement Properties acquired in connection with the Initial Acquisition) or otherwise advance the business of the Fund. See **Item 9 - Risk Factors**.

1.2 Use of Available Funds

1.2.1 Use of Available Funds by the Trust

Description of intended use of available funds listed in order of priority	Assuming \$20,000,000 Offering
The Trust will use the proceeds of the Offering of the Offered Units to purchase LP Units of a corresponding series as set forth below:	\$19,120,000

Series of Offered Units	Corresponding Series of LP Units
Series A Units	Series A LP Units
Series C Units	Series C LP Units
Series F Units	Series F LP Units

1.2.2 Use of Available Funds by the Partnership

Description of intended use of available funds listed in order of priority	Assuming \$20,000,000 Offering
Acquisition of Eligible Investments ⁽¹⁾	\$18,620,000
Transaction costs related to the above	\$500,000
Total	\$19,120,000

Notes:

(1) Pending the acquisition of any Eligible Investments, the Fund intends to invest such funds in Permitted Investments.

1.3 Proceeds Transferred to Other Issuers

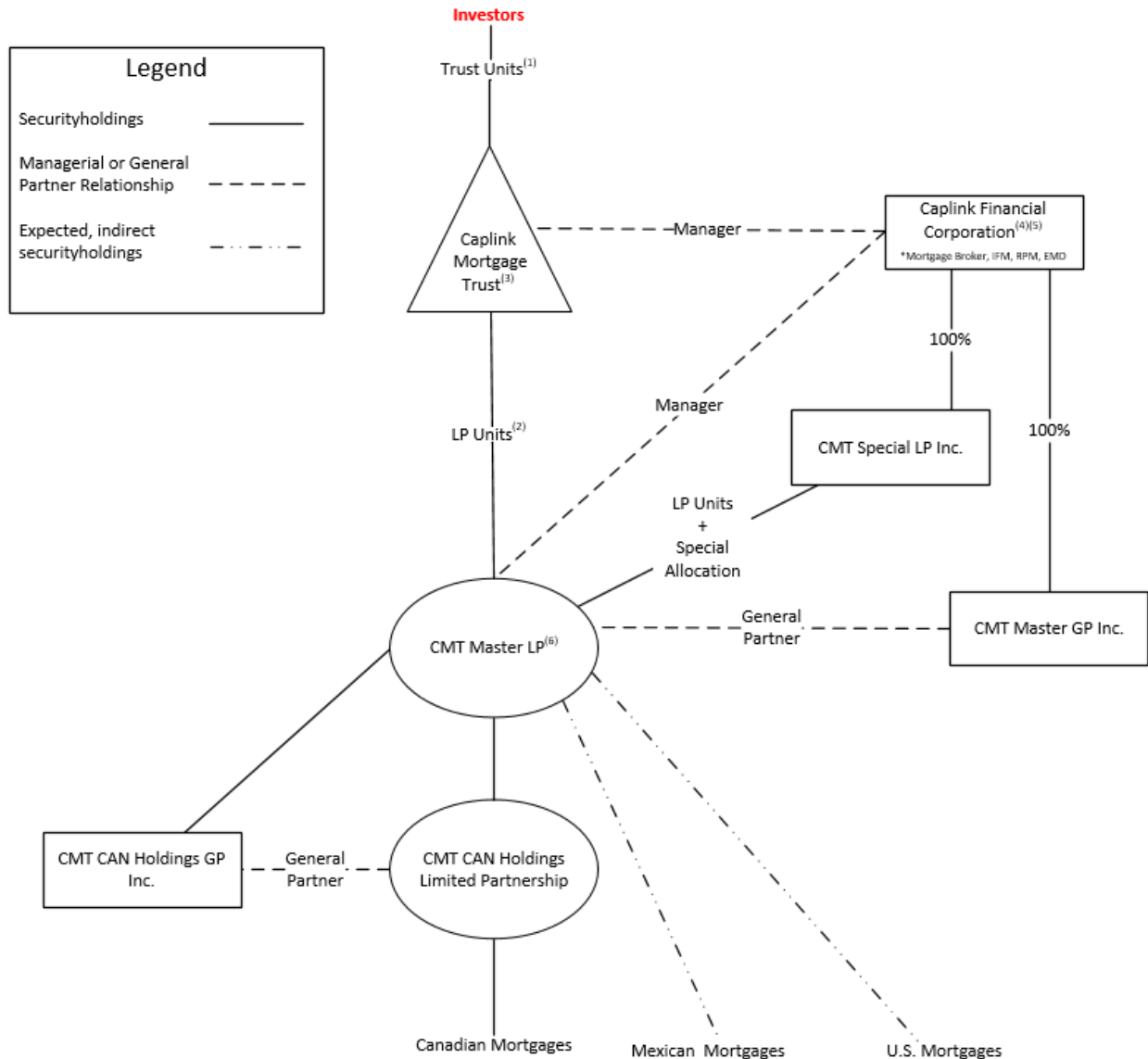
All proceeds from the sale of Class A Units, Class C Units and Class F Units will be paid to the Partnership, a related party of the Trust, by the purchase of Class A LP Units, Class C LP Units, and Class F LP Units. See **Item 2.1 – Structure**.

ITEM 2 - BUSINESS OF THE TRUST AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

2.1.1 Organizational Chart

The structure of the Trust, the Partnership, the Manager and the Mortgage Entities is outlined below.



Notes:

- (1) Investors under this Offering will hold the Offered Units. See **Item 5.1 - Terms of Offered Units**.
- (2) The Trust will use the proceeds of the Offered Units to purchase LP Units of a corresponding series.
- (3) Concurrent with or subsequent to this Offering, the Trust and the Partnership may also offer additional securities, which may not have the same terms as the units of the Trust and the Partnership offered and/or referred to under this Offering Memorandum. See **Item 4 - Capital Structure**.
- (4) Brian Menges beneficially owns, or has control or direction over, directly or indirectly all of the shares of the Manager and the U.S. MLO.
- (5) The U.S. MLO, not pictured, is an affiliate of the Manager.
- (6) It is expected that the Partnership will indirectly, through wholly-owned subsidiaries, acquire Eligible Investments secured by properties located in the United States, Mexico and other jurisdictions that the Manager believes will satisfy the Fund's investment objectives, with the approval of the Independent Board. See **Item 2.1.4 - The Mortgage Entities**.

2.1.2 The Trust

The Trust is an unincorporated trust governed by the laws of the province of Alberta and the federal laws of Canada applicable thereto. The Trust was created on November 9, 2022. The Declaration of Trust governs the Trust and establishes the rights and obligations of the Trust Unitholders, the Trustees and the Manager. See **Item 2.8.1 - Declaration of Trust**.

The Trustees of the Trust are Theodore (Ted) D. Bossé, Brian Menges, Deanna Muise and Georgina Villeneuve, with Theodore (Ted) D. Bossé, Deanna Muise and Georgina Villeneuve acting as Independent Trustees. See **Item 3 - Compensation and Security Holdings of Certain Parties**. The Trustees are responsible for the management and control of the business and affairs of the Trust on a day-to-day basis in accordance with the terms of the Declaration of Trust. However, pursuant to the Declaration of Trust and the Management Agreement, the Manager has been retained to carry out the duties of the Trustees under the Declaration of Trust and have delegated to the Manager the power and authority to manage and direct the day-to-day business, operations and affairs of the Trust under the supervision of the Trustees.

The Fund is engaged in mortgage lending as its primary activity. Although it is intended that the Trust will qualify as a “mutual fund trust” for the purposes of the Tax Act, applying the criteria set out in CSA Staff Notice 31-323 - *Guidance Relating to the Registration Obligations of Mortgage Investment Entities* to the activities of the Fund, it has been determined by the Manager that the Fund is not a “mutual fund” or “investment fund” under applicable securities laws as the Fund has engaged the Affiliated MLOs to: (i) originate or otherwise secure mortgages on the Fund’s behalf; and (ii) as agent for the Fund, administer the mortgages that the Affiliated MLOs so originate or otherwise secure for the Fund. However, the Fund will be managed by the Manager, a registered investment fund manager and restricted portfolio manager, in accordance with the Designation Order. The Fund is intended to be an “Operational MIE” as such term is defined in the Designation Order.

The Trust will use the proceeds of the Offering of Series A Units, Series C Units and Series F Units to purchase Series A LP Units, Series C LP Units and Series F LP Units of the Partnership, respectively. See **Item 1.2 - Use of Available Funds**.

2.1.3 The Partnership and the General Partner

The Partnership is a limited partnership formed pursuant to the Partnership Act on November 8, 2022. The Partnership is governed by the Partnership Agreement among the General Partner, the Special Limited Partner and the Limited Partners. See **Item 2.8.2 - Partnership Agreement**.

The General Partner was incorporated on November 4, 2022 pursuant to the ABCA. The General Partner will control and have responsibility for the business of the Partnership, to bind the Partnership and to admit Limited Partners and do or cause to be done, in a prudent and reasonable manner, any and all acts necessary, appropriate or incidental to the business of the Partnership. The General Partner has exclusive authority to manage and control the activities of the Partnership and is liable by law, as a general partner, for the debts of the Partnership. However, pursuant to the Partnership Agreement and the Management Agreement, the Manager has been retained to manage the Partnership and has delegated to the Manager the power and authority to manage and direct the day-to-day business, operations and affairs of the Partnership under the supervision of the General Partner.

The directors of the General Partner are Theodore (Ted) D. Bossé, Brian Menges, Deanna Muise and Georgina Villeneuve, with Theodore (Ted) D. Bossé, Deanna Muise and Georgina Villeneuve acting as Independent Directors, and the officers of the General Partner are Brian Menges, Colin Hu and Karen Riva. See **Item 3 - Compensation and Security Holdings of Certain Parties**.

The Partnership is expected to hold Eligible Investments through Mortgage Entities to be determined by the Manager. See **Item 2.1.4 - The Mortgage Entities**.

The Partnership may issue securities to additional Investors. The ability of the Partnership to make distributions to the Trust, and accordingly, the ability of the Trust to make distributions on Trust Units, will be completely dependent upon the Partnership receiving payments from Eligible Investments to be held by the Mortgage Entities. If the Partnership does not indirectly receive payment from the Eligible Investments held by it, the Partnership will not have sufficient cash flow to make cash distributions to Limited Partners, including the Trust. See **Item 9 - Risk Factors**.

2.1.4 The Mortgage Entities

The Fund expects to make Eligible Investments through holding entities controlled by the Fund or the Manager or for which either the Fund or the Manager has significant influence. Such holding entities may be created from time to time as determined by the Manager and shall be domiciled in Canada, the United States, Mexico and/or other such

jurisdictions as the Manager deems appropriate. These holding entities may also issue securities or take other investments from other investors.

The Fund currently holds its Eligible Investments in Canadian properties through the Canadian Mortgage Entity, a limited partnership formed under the laws of Alberta. CMT CAN Holdings GP Inc., a corporation formed under the laws of Alberta, is the general partner of the Canadian Mortgage Entity.

The Fund intends to hold Eligible Investments in U.S. properties through such entities as deemed appropriate by the Manager. The Fund currently holds Eligible Investments in U.S. properties through the Canadian Mortgage Entity.

The Fund intends to hold Eligible Investments in Mexican properties through such entities as deemed appropriate by the Manager. The Fund currently holds Eligible Investments in Mexican properties through the Canadian Mortgage Entity.

The entities described above and any other entity formed by the Manager for the purpose of holding Eligible Investments are collectively referred to herein as the Mortgage Entities.

The Mortgage Entities will obtain such licenses and registrations as are necessary or desirable in order to finance Eligible Investments in certain jurisdictions. Costs associated with the initial and ongoing licensing and registration of Mortgage Entities determined to be advantageous by the Manager will be reimbursed by the Fund.

2.1.5 The Special Limited Partner

The Special Limited Partner was incorporated on November 4, 2022 pursuant to the ABCA and is the special limited partner of the Partnership. The Special Limited Partner is entitled to distributions and the Special Allocation pursuant to the Partnership Agreement. See **Item 3.2 - Fees and Expenses** and **Item 5.1.2 - Distributions - Partnership Distributions**.

2.1.6 The Manager

The Manager was incorporated on October 15, 1996 pursuant to the ABCA. The Manager is registered as a restricted portfolio manager, investment fund manager and exempt market dealer in Alberta and British Columbia. The Manager is registered as an exempt market dealer in Manitoba and Saskatchewan. Brian Menges is the sole director of the Manager. Brian Menges, Colin Hu and Karen Riva are officers of the Manager. See **Item 3 - Compensation and Security Holdings of Certain Parties**.

The Manager is the manager of the Trust and the Partnership pursuant to the Management Agreement. The Trust and the Partnership have retained the Manager to, among other things: (a) establish the strategic direction of the Fund; (b) design the investment program of the Partnership, determine the investment objectives, investment restrictions and/or investment policies of the Partnership and establish the Lending Committee and determine the policies and duties of such Lending Committee from time to time; (c) oversee the identification and evaluation of (including conducting any due diligence required) and determine the acquisitions or dispositions by the Partnership of any Eligible Investment from time to time; and (d) supervise property management, mortgage administration, financial and business planning services for the Fund, including overseeing the Eligible Investments and operations of the Enforcement Properties.

The Manager has a proven track record in managing mortgage and other debt instruments, as well as land leases for various types of real estate. See **Item 2.3 - Manager Operating History**. For a summary of the experienced personnel of the Manager, see **Item 3.3 - Management Experience**.

2.1.7 The Affiliated MLOs

The Manager holds Canadian mortgage broker/financing corporation and servicing licenses, and originates and administers mortgages in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan.

In addition to the management, administrative and governance services provided by the Manager to the Trust and the Partnership, in its capacity as manager of the Partnership and the Trust, the Partnership has retained the Manager in its capacity as mortgage broker to provide mortgage administration services pursuant to the Mortgage Administration Agreement including to, among other things: (a) identify potential Eligible Investments for origination by the Mortgage Entities; (b) evaluate prospective Eligible Investments, including conducting any due diligence required; (c) undertake and perform all acts, duties and responsibilities with respect to the origination, administration and servicing of Eligible Investments, and negotiating and carrying out the origination of Eligible Investments; and (d) directly through its own marketing efforts, or indirectly through third-party mortgage referral sources, procure new Eligible Investments. See **Item 2.8.4 - Mortgage Administration Agreement**.

The U.S. MLO, a C-corporation formed under the laws of Arizona, holds U.S. mortgage lender/broker and servicing licenses in Arizona, California, Colorado, Florida, Texas and Washington. In addition, the U.S. MLO can originate business purpose mortgage loans in 35 of 50 U.S. states. The U.S. MLO will continue to add mortgage lender/broker licenses as required with first consideration being given to Hawaii and Michigan.

The Manager and the U.S. MLO may receive referrals for loans outside of their primary jurisdictions.

Mexico does not have any mortgage lender/broker licensing requirements and, as such, no Affiliated MLO will be formed under the laws of Mexico. The Manager and the U.S. MLO may source Eligible Investments in Mexico provided the loans are originated outside of Mexico. The Manager may engage third-party mortgage brokers to receive referrals for, originate or service Eligible Investments in Mexico. Mortgages are secured through a Mexican Trust.

The Affiliated MLOs will obtain such licenses and registrations as are necessary or desirable in order to operate as mortgage lenders/mortgage brokers in certain jurisdictions.

Any other mortgage loan originators affiliated with the Manager, together with the Manager, in its capacity as mortgage loan originator and administrator, and the U.S. MLO, are referred to herein as the Affiliated MLOs.

The Affiliated MLOs are entitled to charge a Lending Fee to borrowers and are entitled to the Mortgage Administration Fee pursuant to the Mortgage Administration Agreement. See **Item 3.2 - Fees and Expenses** and **Item 2.8.4 - Mortgage Administration Agreement**.

The Affiliated MLOs agree to use reasonable commercial efforts to source Eligible Investments. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**. All mortgage underwriting will be administered out of the Manager's head office in Edmonton and, as such, the Manager will maintain the Lending Committee to review all proposals regarding Eligible Investments and will approve or reject all such opportunities. See **Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions - Lending Committee**.

2.1.8 Relationship with the Manager and the Affiliated MLOs

The Affiliated MLOs are all affiliates of the Manager.

The Trust, the Partnership and the Mortgage Entities do not have any employees and depend on the management and administration services provided by the Manager pursuant to the Management Agreement, and also depend on the services provided by the Affiliated MLOs. The Partnership will pay the Management Fee to the Manager and reimburse the Manager for certain expenses. The Affiliated MLOs will be entitled to Lending Fees from borrowers in respect of Eligible Investments originated and/or serviced by the Affiliated MLOs and the Mortgage Administration Fee pursuant to the Mortgage Administration Agreement. See **Item 3.2 - Fees and Expenses**.

The Affiliated MLOs have agreed to use their reasonable commercial efforts to source acceptable mortgages or secured loans for acquisition by the Mortgage Entities, consisting of whole or partial interests in Eligible Investments that conform to and meet the Fund's lending policies at the time of their presentation to the Fund by the Affiliate MLOs. The Manager established the Lending Committee to review all proposals regarding Eligible Investments and it will approve or reject all such opportunities.

The services of the Manager and its directors, officers and employees are not exclusive to the Fund and the Manager, its directors, officers, employees and affiliates may at any time engage in promoting or managing any other entity or its investments including those which may compete directly or indirectly with the Fund. See **Item 2.1.11 - Competing Interests**.

The Manager's commitment to the Fund, and the Fund's ability to take advantage of opportunities are subject to a number of limitations, such as the Fund's financial capacity, the suitability of an investment in terms of the underlying asset characteristics and its fit with the Fund's lending policies, limitations arising from applicable tax and regulatory regimes and certain other restrictions. Under the terms of the Declaration of Trust, the Partnership Agreement and the Management Agreement, the Fund acknowledges and agrees that the Manager may pursue other business activities and provide services to third parties that compete directly or indirectly with the Fund, provided that Eligible Investments be offered to the Fund in accordance with the Mortgage Administration Agreement and any mortgage administration agreements entered with the Affiliated MLOs.

The Manager may source Eligible Investments from the Affiliated MLOs acting as agent retained by the Fund or the applicable Mortgage Entity pursuant to the Mortgage Administration Agreement and/or various other mortgage brokers or third parties. The Affiliated MLOs will offer to the Fund all potential investments that satisfy the Fund's guidelines with respect to borrower credit ratings, property types, property locations, Fund underwriting guidelines, and other loan characteristics and considerations. However, there is no obligation for the Fund to fund such potential investments, which may be subject to factors such as the availability of the Fund's investment capital and portfolio construction

considerations. For greater certainty, there is no obligation for the Affiliated MLOs to offer potential investments that fall outside of the Fund's guidelines to the Fund. For example, prime rate mortgages, which compete directly with banks and other financial institutions, will not be offered to the Fund by the Affiliated MLOs in Canada and the U.S. because the interest rates charged by the Fund are higher than those charged by prime rate lenders.

See **Item 2.8.1 - Declaration of Trust - Trustees' Other Interests and Conflicts of Interest**, **Item 2.8.2 - Partnership Agreement - Outside Activities**, **Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions - Lending Committee** and **Item 9 - Risk Factors**.

2.1.9 Conflicts of Interest

The Trust's and the Partnership's organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between Investors, on the one hand, and the Manager (or its principals), on the other hand. In particular, Conflict of Interest Matters could arise, among other reasons, because:

- (a) Brian Menges has economic interests in or acts as senior management for other entities. Furthermore, Brian Menges is permitted, subject to the Declaration of Trust and the Partnership Agreement, to pursue other business activities and provide services to third parties;
- (b) the Trust's and the Partnership's relationship with the Manager involves a number of arrangements pursuant to which the Manager provides (directly or indirectly) various services, and circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into. As the Trust's and the Partnership's arrangements with the Manager were effectively determined by the Manager (or its principals) in the context of the formation of the Trust and the Partnership, they may contain terms that are less favorable than those which otherwise might have been negotiated between unrelated parties;
- (c) the principal of the Manager are entitled to share in the returns generated by the Partnership's operations (including indirectly through the Special Allocation to the Special Limited Partner), which could create an incentive for the Manager to assume greater risks when making decisions or determining the Net Asset Value differently than it otherwise would in the absence of such entitlement; and
- (d) the liability of the Manager and Brian Menges is limited under their arrangements with the Trust and the Partnership, and the Trust and the Partnership have agreed to indemnify the Manager and Brian Menges against claims, liabilities, losses, damages, costs or expenses which they may face in connection with those arrangements, which may lead them to assume greater risks when making decisions than they otherwise would if such decisions were being made solely for their own account, or may give rise to legal claims for indemnification that are adverse to the interests of Investors.

Pursuant to the Declaration of Trust and Partnership Agreement, unanimous approval of the Independent Board will be required with respect to any Conflict of Interest Matter regarding the business of the Trust or the Partnership. See **Item 2.1.10 - Independent Board**.

2.1.10 Independent Board

The General Partner and the Manager have appointed Independent Directors and Independent Trustees, respectively, to the board of the General Partner and the Trust, respectively. Each member of the Independent Board is "independent" as such term is defined in NI 52-110.

The unanimous approval of the Independent Board (in addition to the requisite majority of directors of the Manager, the General Partner or the Trustees, as applicable) shall be required with respect to any Conflict of Interest Matter regarding the business of the Trust, the Partnership, the Manager and the General Partner (other than the entering into of the Management Agreement and the other agreements contemplated in an offering document), including but not limited to: (i) the approval of any related-party transactions or contracts (including the acquisition of Eligible Investments or enforcement action to acquire Enforcement Properties) involving the Trust, the Partnership, the Manager, the General Partner or their directors, officers, shareholders or affiliates; (ii) the allocation of investment opportunities among the Partnership and other entities managed or controlled by the Manager; (iii) any material amendment to the Management Agreement; and (iv) the acquisition of Eligible Investments outside of Canada, the United States and Mexico.

The Partnership will pay the reasonable remuneration of each member of the Independent Board.

2.1.11 Competing Interests

The Trustees and the officers and directors of the Manager and General Partner shall have the right, as expressly provided in the Declaration of Trust and the Partnership Agreement, to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of the Trust, the Manager, the Partnership or the General Partner; or (b) such businesses and activities directly compete with, or disfavor or exclude, the Trust, the Manager, the Partnership or the General Partner. There is no obligation for the Trustees and the officers and directors of the Manager or General Partner or their affiliates to present any particular business or investment opportunity to the Trust and the Partnership. In addition, Brian Menges may establish in the future, other limited partnerships or other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Trust and the Partnership. Any of those individuals may act as adviser, service provider, manager, trustee, director, officer and/or general partner to such organizations. Although none of the Trustees and the officers and directors of the Manager and General Partner devotes his/her full time to the business and affairs of the Trust and the Partnership, they will devote as much time as is necessary for the management of the business and affairs of the Trust and the Partnership. See **Item 2.8.1 - Declaration of Trust - Trustees' Other Interests and Conflicts of Interest** and **Item 2.8.2 - Partnership Agreement - Outside Activities**.

2.2 Our Business

The objective of the Fund is to preserve invested capital and generate a steady stream of income to investors by directly and indirectly investing in Eligible Investments.

The Trust will use the proceeds of the Offering of Series A Units, Series C Units and Series F Units to purchase Series A LP Units, Series C LP Units and Series F LP Units of the Partnership, respectively. The Partnership will, in turn, use the funds available to it from the sale of LP Units to acquire, indirectly, Eligible Investments.

The Partnership seeks to generate interest paid on Eligible Investments and generate income on Enforcement Properties and will also receive proceeds from the disposition of any sale of an interest in any Enforcement Property. The Partnership seeks to create a portfolio of Eligible Investments that will enable the Partnership to make distributions to its Limited Partners, including the Trust on a regular basis, in accordance with **Item 5.1.2 - Distributions** and **Item 5.1.3 - Distribution Policy of the Trust and the Partnership**.

2.2.1 Investment Rationale

The Manager has a proven track record in managing Eligible Investments. See **Item 2.3 - Manager Operating History** and **Item 3.3 - Management Experience**.

Management believes that investing in Eligible Investments through the Fund represents an attractive investment opportunity for investors due to, among other things:

- (a) Benefits of the Fund's investment strategy:
 - (i) *Focus on Non-Resident Foreign National Borrowers* – the Fund provides financing to non-resident foreign nationals in Canada, the U.S. and Mexico, an underserved population of borrowers typically with good credit, net-worth and income. Management believes this population presents a significant opportunity for the Fund. See **Item 2.2.3 - Investment Strategy - Target Borrower**.
 - (ii) *Attract Quality Borrowers* – the Fund's overriding investment strategy is simple – lend in Canadian dollars to quality borrowers, on desirable properties located in strong real estate markets while taking advantage of the interest rate arbitrage associated with lending to foreign individuals.
- (b) Benefits of investing in mortgages:
 - (i) *Potentially Higher Rates of Return than Alternate Fixed Income Investments* – private mortgages are made with parties who generally cannot obtain bank financing and as such, are subject to higher mortgage rates. Such higher mortgage rates may translate into higher rates of return than an investor can earn on other fixed income instruments.
 - (ii) *Benefit from Real Estate Investment Without Being a Landlord* – both rental properties and mortgages create cash flow. Unfortunately, rental property ownership can be labour intensive and costly. Difficult tenants, regulatory constraints, repairs and maintenance,

property taxes and unexpected operating costs can be financially burdensome. Private mortgage investment, especially where professional management is involved, can create real estate secured income without the issues and risks commonly associated with property ownership.

- (iii) *Mortgage Security is a Physical Property* – if a default takes place with respect to a mortgage, there is a high probability of recovering the loan principal, interest and foreclosure expenses from the sale of the property.
 - (iv) *Passive Investment* – professionally managed mortgage investments are passive investments that may offer investors a rate of return without the need for active involvement by the investor.
 - (v) *Risk Adjusted Returns* – with very few exceptions, holding the debt on a property carries lower risk than investing in the equity. This is because equity is the first money to be lost if the underlying real estate loses value for any reason.
 - (vi) *Low Volatility in Income* – mortgage interest payments to investors are typically more consistent than cash flow from equity investment options.
 - (vii) *Low Volatility in Unit Price* – mortgage fund investments are most often not publicly traded and, as such, the unit prices tend to be less affected by market fluctuations.
- (c) Benefits of investing in a pool of investments:
- (i) *Investments are Pooled* – investing in a portfolio of mortgages is a risk mitigation strategy. By investing in a group of mortgages, an investor is not as exposed to losses that might occur from any one defaulted loan.
 - (ii) *Investment Diversification* – by investing in a diversified pool of mortgages, further risk mitigation is possible through diversification by geography, region, property type and borrower.
- (d) Benefits arising from specific features of the Fund:
- (i) *The Fund is Managed by a Registered Investment Fund Manager and Restricted Portfolio Manager* – the securities industry is highly regulated. Securities legislation is designed to protect the investing public and as such, a registered investment fund manager and portfolio manager is required to manage the Fund. The role of an investment fund manager is to ensure that the Fund remains compliant with relevant regulatory requirements and the role of a portfolio manager is to ensure that the Fund's investments are managed in a professional manner in the best interests of the Fund.
 - (ii) *Ability to Reinvest Cash Distributions* – most mortgage investment funds offer investors the ability to reinvest their distributions (if any), thereby providing investors the ability to compound their investment over time.
 - (iii) *Exempt Plan Eligibility* – Trust Units will be a qualified investment for Exempt Plans.
 - (iv) *Mutual Fund Trust Investments can Benefit from Tax Efficiencies* – for tax purposes, mutual fund trusts can distribute their income and gains to investors such that the trust does not pay Canadian income tax. Instead, the Fund's income and gains, if paid to the investor, are taxable in the hands of the investor. If the investor holds their interest in the Fund through an Exempt Plan, tax is generally deferred until the investor withdraws that income from the Exempt Plan. See **Item 7 - Income Tax Consequences and Exempt Plans Eligibility**.
 - (v) *Compartmentalized Assets is Ideal for Lenders* – The Fund's structure allows for the creation of multiple Mortgage Entities to hold Eligible Investments. Each Mortgage Entity that holds the Eligible Investments can exist as bankruptcy remote, compartmentalized special purpose entities segregated from the operating liabilities of the Trust, the Partnership and any other Mortgage Entities the Fund may establish from time to time. Such compartmentalization means both Eligible Investments held by any Mortgage Entity and related revenue are financially segregated from the Partnership's operating liabilities and those of any other Mortgage Entity. This is an ideal structure for institutional lenders providing senior debt facilities to the Fund, as use of Mortgage Entities that segregate the

Eligible Investments based on certain characteristics allows the Fund the ability to give the lender security on all applicable assets of such Mortgage Entity, while shielding the Mortgage Entity from external risks commonly associated with a corporate operating entity and allowing for compartmentalization of capital advances to a defined pool of assets.

2.2.2 Investment Objective

The investment objective of the Fund is to preserve invested capital and generate a steady stream of income to investors by directly and indirectly investing in Eligible Investments. The Eligible Investments will provide income to the Mortgage Entities through receipt of interest payments, payable either periodically throughout the term of the mortgages or upon their expiration.

The Partnership seeks to create a portfolio of Eligible Investments that will enable the Partnership to make distributions to its Limited Partners (including the Trust) on a regular basis in accordance with **Item 5.1.2 - Distributions - Partnership Distributions** and **Item 5.1.3 - Distribution Policy of the Trust and the Partnership**.

Eligible Investments

In Canada and the U.S., Eligible Investments include: (i) Allowable Securities secured by; and (ii) land leases for; the following types of real estate:

- (a) **Residential Properties:** single family detached homes (stick built or modular), duplex/single family attached homes, row townhouses, one to four unit residential properties, Canadian condominiums (CMHC endorsed), U.S. condominiums (Fannie Mae warrantable), U.S. condominiums (eligible non-warrantable), U.S. Planned Unit Development, developer in charge of condominiums, condotels, manufactured homes affixed to land, acreage properties under 10 acres in a residential subdivision, hobby farms as well as all forms of residential revenue properties. For new residential construction, where applicable, in Canada the property must be CMHC approved and conform to other CMHC guidelines, in the U.S. the property must be Fannie Mae approved and conform to other Fannie Mae guidelines, and other residential real estate as the Manager may deem appropriate from time to time; and
- (b) **Commercial Properties:** residential properties with five or more units, multi-tenant apartment buildings, mixed use residential and commercial/retail properties, retail shopping centers, industrial buildings, commercial properties, office properties, non-residential parcels of land and leases to individuals or corporate entities, and other residential real estate as the Manager may deem appropriate from time to time.

In Mexico, Eligible Investments include Allowable Securities secured by the following types of real estate: single family detached homes, duplex/single family attached homes, row townhouses, one to four unit residential properties, condominiums, condotels, manufactured homes affixed to land, acreage properties under 10 acres in a residential subdivision as well as all forms of residential revenue properties.

Land leases will also form a part of the Eligible Investments. In Canada and the U.S. land lease investments will be on real property consisting primarily of residential subdivision lots, as well as some commercial properties. Land leases will not be available in Mexico.

The Eligible Investments summarized above, together with other types of similar investments deemed to be Eligible Investments by the Manager are collectively referred to herein as the Eligible Investments. For greater certainty, if the Fund determines to acquire Eligible Investments in an additional jurisdiction, Eligible Investments shall include such other investments in such jurisdiction as determined by the Manager.

The composition of the Fund will vary over time depending on the Manager's assessment of the appropriate strategy given overall market conditions and longer-term prospects. The type of Eligible Investments available to the Fund will depend in part upon market conditions.

Allowable Security

In Canada and the United States, Allowable Security for the Fund's Eligible Investments includes one or more of the following: mortgage, hypothec, promissory note, deed of trust, registerable loan agreement, agreement for sale, caveat, lien, land lease (or assignment thereof), borrower corporate guarantee, borrower personal guarantee, direction to pay, assignment of rents and leases, and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to, or an interest in, real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager.

In Mexico, Allowable Security for the Fund's invested capital is a Mexican Trust. The Mexican Trust used to secure the Fund's invested capital will have the Partnership, directly or indirectly, as first beneficiary or first assignee, as applicable, of the Mexican Trust and/or any certificate, instrument, or written agreement, understanding, or opportunity, that represents direct or indirect title to or an interest in real estate, or is secured by any lien or charge upon the capital, assets, profits, property or credit of any person or corporate entity acceptable to the Manager.

Of the available bank trust structures in Mexico, the one most commonly used for mortgage lending are Mexican Trusts. In Mexico, Mexican Trusts present many advantages over traditional types of mortgage security as the title to the collateral is held by the trustee and not the borrower as with traditional mortgages, and in the event of a foreclosure, special summary and out-of-court proceedings may be permitted, which could significantly shorten the foreclosure process. The Fund will use Mexican Trusts to secure its real estate loans and only offer loans to non-resident foreign national borrowers such as Canadians, Americans and such other foreign nationals as the Manager may determine. As residents of Mexico can avoid the lender protections of the Mexican Trusts and opt instead for the potentially lengthy and expensive judicial foreclosure process associated with traditional mortgage financing, the Fund will not be providing mortgage financing to permanent residents of Mexico.

The Manager may determine from time to time to permit other forms of Allowable Security. If the Fund determines to acquire Eligible Investments in an additional jurisdiction, Allowable Security shall include similar loan security in such jurisdiction as determined by the Manager.

The Allowable Security for the Fund's Eligible Investments may be held directly in the applicable Mortgage Entity's name, or where required by federal, state/provincial, municipal law or regulation, any other regulatory restriction(s), and/or any administrative purposes whatsoever, the Allowable Security may be held in trust for the Mortgage Entities by a legal entity (i.e. incorporated company, LLC, or otherwise) affiliated with the Manager, or by an arm's-length third party mortgage servicing company.

2.2.3 Investment Strategy

The Fund's investment strategy is to make prudent investments in Eligible Investments selected by the Manager. The Manager's investment strategy is to properly service the foreign national market and in doing so create a borderless, frictionless, multinational lending ecosystem that few competitors adequately service. To that end, the Manager will use innovative lending strategies and competitive advantages as further described below.

Principal Markets

The Fund invests in Eligible Investments located in Canada, the U.S. and Mexico. In Canada, the Fund focuses on Eligible Investments located in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan. In the U.S., the Fund focuses on Eligible Investments in all states where the U.S. MLO is, or will be, duly licensed. The U.S. MLO is currently licensed in Arizona, California, Colorado, Florida, Texas and Washington. In Mexico, the Fund focuses on Eligible Investments secured through a Mexican Trust including, but not limited to, property located in Cabo San Lucas (includes Las Cabos Corridor), Cancun, Cozumel, Huatulco, Mayan Rivera (includes Playa del Carmen and Tulum), Puerto Vallarta, and San Miguel de Allende.

In the future, the Fund, with the approval of the Independent Board, may invest in Eligible Investments in other jurisdictions that the Manager believes will satisfy the Fund's investment objectives. Any such additional jurisdictions will be required to have a stable economy and lower political risk, along with a legal system that will support the enforcement of creditor's rights by the Fund. The Fund may invest, at the direction of the Manager, in multiple locations in the same market where demand is greater than can be supplied by a single Eligible Investment, or in order to gain a larger market share.

Target Borrowers

Historically, the Manager's target borrowers have been persons that, for one reason or another (typically poor credit), could not obtain financing from traditional bank lenders. Such borrowers owned real estate with an appreciable amount of equity, thereby permitting the Manager to provide financing based on the borrower's real estate security rather than the borrower's creditworthiness.

The Fund was developed by the Manager to cater to a new type of borrower - one that is not financially distressed, but that is unable to get mortgage financing in foreign countries where they wish to own vacation homes and investment properties.

This shift away from financially distressed borrowers to individuals seeking to own foreign vacation homes and investment properties enabled the Manager to deliver higher than market returns on better quality loans. These new borrowers are commonly referred to as a Non-Resident Foreign Nationals ("NRFNs"). NRFNs include working and

retired individuals, remote workers and international real estate investors, most of whom enjoy good personal credit, high net-worths and above average incomes.

In the U.S., financing for NRFNs exists, but on a relatively limited basis and at a notable premium. This higher cost of borrowing stems from the fact that most U.S. institutional lenders securitize and sell their mortgage portfolios on the secondary mortgage market. Such securitizations are rated by bond rating agencies that generally do not recognize the NRFN's domestic credit rating, net-worth and/or employment income. This lack of reasonably priced NRFN financing in the U.S. creates an investment opportunity for the Fund.

In Mexico there are only 48 banks¹ (.04 banks per 100,000 Mexican population) as compared to the U.S., which has 4,587 banks² (1.34 banks per 100,000 American population). As there are fewer banks in Mexico, there is less competition, and less competition entails more fees and higher interest rates. In addition, Mexico's Central Bank has been keeping its key lending rate high in an attempt to control inflation. The key lending rate was 11.04% as at May 16, 2024 as compared with 8.5% in the U.S. for the same date.

In Mexico, there is a distinct lack of NRFN mortgage financing. This limited access to mortgage financing for NRFNs in countries where they have no residency status presents a significant investment opportunity for the Fund.

In Canada, the Manager will target two types of borrowers, being: (i) domestic borrowers; and (ii) NRFN borrowers. Currently, the largest share of the Fund's mortgage portfolio is Canadian domestic mortgages, but that is expected to change as the Manager fulfills its mandate to finance NRFNs seeking to own vacation homes and investment real estate in the U.S. and Mexico.

Management has experienced a growing demand for mortgage financing in both the U.S. and Mexico, but of those two countries, due to current real estate market strength and positive geo-economic opportunities, funding loans in Mexico for the next 12 months will be the Manager's primary objective.

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

The Fund intends to provide financing for the real estate sectors described below.

Residential

Residential real estate primarily consists of single-family homes, apartments, duplexes, townhomes, condominiums, residential lots, retirement residences and student residences. The Manager's focus will include single family type residences that are owner-occupied, for-rent and/or second homes. Though the Manager can finance apartment buildings and multi-unit condominium towers, it has historically avoided such financing preferring instead to finance single family homes, condominiums, duplexes, triplexes, fourplexes, etc. In particular, the Manager will concentrate on financing non-resident foreign national vacation and investment properties located in urban centers in Canada, the U.S. and Mexico.

The single-family conventional mortgage market in Canada is dominated by the Schedule I Banks, trust companies and credit unions, which underwrite single family mortgage loans under rigid underwriting criteria. Borrowers who do not meet the underwriting criteria of those institutional lenders find it difficult to obtain financing from larger traditional financial institutions, regardless of loan-to-value ratios or security offered, and turn to lenders like the Fund for financing.

Multi-Family Residential, Investment Properties and Commercial Mortgages

The multi-family residential, investment property and commercial mortgage markets are dominated by large financial institutions. These institutions are less aggressive in pursuing bridge financing opportunities and/or value-creating lending opportunities, and the Fund can exploit the opportunities in these areas to provide such financing, so long as the loan size provided is not excessive relative to the size of the Fund's portfolio of Eligible Investments.

¹ Mexico Country Commercial Guide; International Trade Administration; <https://www.trade.gov/country-commercial-guides/mexico-trade-financing>. Accessed May 27, 2024.

² Banking in the United States; Wikipedia; https://en.wikipedia.org/wiki/Banking_in_the_United_States. Accessed May 27, 2024.

Construction Loans

The provision of interim financing for large new home subdivisions and large interim land development projects is well served by the Schedule I Banks. However, developers and builders seeking financing for single home construction projects have fewer financing options. The Fund will participate in loans that provide construction to homeowners and builders, and will do so while simultaneously arranging take-out financing for when the project has been completed.

Land Financing

Traditional financial institutions generally do not provide land financing to small to midsized investors and developers. The Fund can provide such financing but would only do so on subdivided lots that can be built on within one hundred and twenty (120) days of the Manager funding the mortgage.

Condominium Financing

Traditional financial institutions have rigid underwriting guidelines for single unit condominium loans and for multi-unit (builder inventory type) loans. The Fund participates in such loans, including those in a pool of multiple completed condominium units within a building, but generally prefers to fund mortgages on individual owner occupied or investment condos.

Industrial

Industrial real estate consists primarily of buildings for warehousing and distribution, manufacturing and assembly, research and development, showrooms, and other general uses which may include back office operations, post-production film studios, call centres and low-cost office alternatives. Industrial properties are, for the most part, one-storey buildings located near major metropolitan regions and thoroughfares, ranging in size from five thousand (5,000) square feet to over five hundred thousand (500,000) square feet. Industrial buildings tend to be more homogeneous than other commercial real estate asset classes and can accommodate a relatively diverse tenant base. Specific factors to consider with regards to industrial properties include functionality, location relative to major transportation routes, and the degree of specialization. The Manager has extensive experience owning and operating industrial real estate and will consider financing such properties. Notwithstanding, the Manager prefers to finance smaller, single tenant owner-occupied condominiumized or standalone industrial bay warehouses for the following reasons: (a) such properties are generally valued under one million dollars (\$1 M), which is a loan size too small for the average bank lender to pursue; and (b) the underwriting associated with making a small single tenant industrial mortgage is similar to the underwriting associated with making a single-family home mortgage. For such mortgages, the requirements are limited to verifying the property value, income to service the mortgage and borrower creditworthiness.

Office

Office buildings generally have multiple tenants, are typically located in downtown cores, sprawling suburban office parks or near an airport. Office leases are generally mid-to-long-term, providing stable cash flows to service mortgages. However, returns from office properties can be more variable than residential and industrial properties as the market is more sensitive to economic performance. Similar to industrial properties, thorough due diligence on the tenants' creditworthiness is a critical factor with regards to lending against the asset. Owing to the complexity and risk associated with large office building financing, the Manager will avoid such financing in favour of smaller properties with one or two owner-occupied tenants.

Types of Mortgages

In Canada, the U.S. and Mexico, the Fund will focus on investing in Eligible Investments secured by Allowable Security on real property being acquired or refinanced by a person who is deemed qualified by the Manager. In Canada and the U.S., security for Eligible Investments will generally be by mortgage or trust deed with both first and second mortgages being permitted. Third mortgages are permitted where the third mortgage is collateral security to a first or second mortgage. In Mexico, security for Eligible Investments will be by a Mexican Trust, where the Partnership will, directly or indirectly, be the first beneficiary or the first assignee of the Mexican Trust, as applicable, with no other debt being permitted.

Specifically, the Manager will provide four types of mortgages in Canada and the U.S.; those being fixed term, bridge, fix & flip and ground-up construction, as further described below. In Mexico, the Manager will only provide fixed term mortgage financing.

- (a) *Fixed Term (purchase, refinance or equity take-out) Financing*: provides borrowers with a lump sum of cash upfront in exchange for monthly principal and interest mortgage payments based on a specified amortization loan term and a fixed or floating interest rate.
- (b) *Bridge Financing*: an interim (i.e. short-term) financing option used by borrowers to solidify their short-term position until a long-term financing option or asset sale can be arranged.
- (c) *Fix & Flip Financing*: short-term loans used by real estate investors to purchase and improve a property to then sell for a profit. These improvements range from minor renovations to a complete reconstruction of an existing home.
- (d) *Ground-up Construction Financing*: provides financing for builders and homeowners looking to construct new residential properties, which are either to be sold or refinanced upon completion.

Mortgage Origination Sources

The Fund expects to source Eligible Investments from the Affiliated MLOs acting as agent retained by the Fund or the applicable Mortgage Entity and/or various other mortgage brokers or third parties by either: (a) acquiring Eligible Investments for the Fund from the Manager's pipeline of mortgage referral sources; or (b) acquiring Eligible Investments from third parties.

- (a) *Acquiring Eligible Investments developed by the Affiliated MLOs*: For most of the Manager's existence, it has received Canadian mortgage applications from Canadian mortgage brokers. Going forward the Affiliated MLOs will continue to accept applications from mortgage brokers, but will augment that channel by pursuing a direct-to-consumer approach using social media, print advertising, other forms of advertising and third-party referrals. The Manager has retained a marketing firm to work with the Manager to develop its direct-to-consumer approach.
- (b) *Acquiring Eligible Investments from Third Parties*: The Manager's unique mortgage products and mortgage markets have attracted referrals from real estate agents, lawyers, accountants and private individuals. In Canada, the U.S. and Mexico, the Affiliated MLOs can pay referral fees to unlicensed individuals so long as those individuals do not provide mortgage advice to borrowers. The Affiliated MLOs expect to establish a mortgage referral program to incentivize referrals from private individuals, with such referral fees being paid out of the Lending Fee. See **Item 3.2.3 - Lending Fee**.
- (c) *Trade in Mortgages*: The Fund may from time to time engage in the acquisition of and/or sale of mortgages from/to parties and from the Manager where the Manager has funded the mortgages in advance of the mortgages being available to the Fund to acquire. Any acquisition of mortgages would be subject to a due diligence process similar to and no less robust than making a new loan. Any sale of mortgages would be done only when the mortgages can be sold at par or a premium to par (i.e. for a profit) to the party purchasing the loans. For greater certainty, there is no limit on the percentage of the Fund's portfolio of Eligible Investments that may be traded.

Competitive Advantage

The residential and commercial mortgage industry is subject to the usual competitive forces of supply, demand and availability of substitutes. Canadian, U.S. and Mexican financial institutions are generally reluctant to dedicate resources to originating and structuring mortgages for the Fund's target market and typically cannot provide the customization and timeliness required. Although other mortgage industry participants provide options to the under-served borrowers that the Fund intends to focus on, there is reduced competition in this market sector. Further, management believes that the Fund's investment strategy will contribute to the success of the Fund relative to its competition based on the following factors:

- (a) *Currency Hedging*: The Fund has the ability to make Eligible Investments in the U.S. and Mexico using Canadian currency. In most instances, this feature permits both Canadian borrowers and the Fund to avoid exposure to currency fluctuations between the Canadian dollar and U.S. dollar and/or Canadian dollar and Mexican peso, absent a default (in which case the value of the underlying real property will be subject to currency fluctuation). Where the Fund makes loans to U.S. residents in the U.S., the Manager, in negotiation with the borrower, will determine the best option of the following: (i) make the loans in U.S. dollars, which may require the Fund to hedge its investments either through charging a higher interest rate to the borrower or an alternative means permitted by the Fund; or (ii) lend to the U.S. resident in Canadian dollars, in which case the borrower, not the Fund, will have exchange rate risk exposure on the payment of principal and interest.

- (b) *Flexible Structure Terms:* As a non-institutional portfolio lender, the Fund can be flexible with its loan terms and structure. Each mortgage and borrower require individualized features. The Manager's extensive experience with personalized mortgages permits it to structure a deal that works for the borrower's situation while maintaining compliance with the Fund's underwriting guidelines and applicable laws.
- (c) *Automated Mortgage Origination Software and Rule-Based Underwriting Systems:* The Manager has developed extensive quality control procedures, which enable management, external accountants, lenders and regulators to evaluate the accuracy, validity, and completeness of the Manager's loan origination and administration operations and protocols. The Manager uses four automated mortgage software systems, being: (i) the mortgage banking loan origination software provided by ICE Encompass (U.S. only); (ii) the mortgage banking loan origination and administration software provided by The Mortgage Office (Canada, U.S. and Mexico); (iii) the Manager's proprietary mortgage origination software LSUM (Canada); and (iv) the Manager's proprietary rules based mortgage pricing engine and loan risk assessment system CapScore (Canada, U.S. and Mexico). These systems are all designed to ensure mortgage underwriting efficiency, consistency, completeness and compliance.
- (d) *Ability to Generate Proprietary Deal Flow:* Due to the unique proprietary mortgage products the Affiliated MLOs have to offer, management believes that the Affiliated MLOs will have the ability to generate its self-sustaining proprietary deal flow over time.
- (e) *Access to Financing:* The Fund has access to financing through institutional banks or financial investors that is available at a cost of funds, which is lower than the Fund's cost of investor capital.
- (f) *Unique Proprietary Mortgage Products:* The Manager has a variety of unique proprietary domestic and foreign national mortgage products. In Canada, its two unique products are its ground-up construction financing and its InversaTerm™ mortgage. The InversaTerm™ name is a registered trademark in the U.S. and a pending trademark in Canada. An InversaTerm™ mortgage is similar to a reverse mortgage in that the borrower can receive both a lump-sum amount and/or a quarterly installment paid to them by the lender. During the loan term, there is no requirement for the borrower to make mortgage payments to the lender. The Canadian ground-up construction product is unique because it is a loan between the Manager and the borrower rather than the Manager and the builder. This structure is advantageous to builders and is why they are open to referring mortgage opportunities to the Manager. In the U.S., the Manager offers its foreign national fixed term, bridge, fix & flip, ground-up construction and InversaTerm™ mortgage products. Other than the U.S. foreign-national fixed term mortgage, the aforementioned Canadian and U.S. products will not be the primary focus of the Partnership. In Mexico, the Manager will offer a fixed term foreign national mortgage product that is unique in that jurisdiction.

Our Competitors

In Canada, primary competitors of the Fund are private lenders, including other mortgage investment corporations, mortgage syndicators, individual investors and real estate investment trusts. Secondary competitors include banks, trust companies, monoline lenders and credit unions. Each competitor has a risk profile that fills a particular niche in the Canadian mortgage lending sector.

In the U.S., primary competitors of the Fund are private lenders, mortgage syndicators, and individual investors. Secondary competitors include (to a much lesser extent than in Canada) banks, trust companies, and credit unions. Each competitor has a risk profile that fills a particular niche in the U.S. mortgage lending sector.

In Mexico, primary competitors of the Fund are private lenders and individual investors. Secondary competitors include select banks and Sofomes. Each competitor has a risk profile that fills a particular niche in the Mexican mortgage lending sector.

The Manager uses its competitive advantages and unique borrower profile to compete with its primary and secondary competitors in each jurisdiction.

Growth Strategy

The Manager believes that the overall growth of the Fund will be limited by the amount of mortgage investment capital it can raise and not by the availability of Eligible Investments. The Manager sees the potential demand for its mortgage products in Canada, the U.S. and Mexico as exceeding its available mortgage investment capital and bank leverage. The Manager is focused on establishing a capital raising regime that will harness its capital raising potential through:

(a) its established investor network; (b) the exempt market dealer channel; (c) the investment dealer/portfolio channel; and (d) institutional investors.

Financing Strategy

Credit Facilities

The Fund may obtain one or more credit facilities (i.e. bank leverage) secured by its Eligible Investments. While the maximum leverage limit of the Partnership is 3:1 pursuant to the Partnership Agreement, Management has determined to limit the leverage of the Fund as a whole to 1:1.

The use of leverage is where the net asset base or investment capital is increased by the use of bank debt. Security for the Fund's debt is the portfolio of Eligible Investments acquired by investments of unit capital and bank leverage. A leverage of 1.5:1 means that for every one dollar (\$1.00) of unit capital there is one dollar and fifty cents (\$1.50) of bank financing (e.g. a twenty-five million dollars (\$25 M) portfolio of Eligible Investments would be comprised of ten million dollars (\$10 M) of capital and fifteen million dollars (\$15 M) of bank financing).

Where the cost of bank leverage is lower than the cost of unit capital, the use of bank leverage boosts returns to investors. While leverage may increase investor returns, if the investment does not work out it may increase the potential risk and loss of the investment. See **Item 9 - Risk Factors**.

The Manager will use leverage where it offers the best return on investment. In Canada and the U.S., use of leverage may offer the best return on investment on fixed term, bridge and ground-up construction loans. The Fund does not expect to use bank leverage for Mexican Eligible Investments.

Securitization and/or Future-Flow Funding

The Fund may, from time to time, enter into securitization and/or other future-flow funding transactions whereby the Fund sells, assigns, conveys, transfers or grants a security interest in one or more pools of mortgage loans or any other pools of payment stream-generating to properties or assets held by the Fund with specified characteristics held by the Fund, to a third-party such as an insurance company, pension fund, credit union, bank or special-purpose vehicle, in exchange for the advance of funds to the Fund that may be used to invest in additional Eligible Investments. Securitization and/or future flow transactions may enable the Fund to achieve funding flexibility through access to lower-cost funds for mortgage lending.

2.2.4 Lending Committee and Policies, Practices and Restrictions

Lending Committee

The Lending Committee is comprised of any two of the following persons from time to time: (i) the Chief Executive Officer of the Manager; (ii) Chief Financial Officer of the Manager; (iii) the manager of mortgage administration of the Manager; or (iv) any other staff member of the Manager with an Associate Advising Representative or Advising Representative designation.

The Lending Committee is responsible for reviewing and approving Eligible Investments presented to it by the Manager.

In conjunction with the Manager, the Lending Committee will meet periodically to also review the following:

- (a) availability of mortgage investment capital;
- (b) risk appetite and limits regarding the level of risk that is acceptable with respect to residential and commercial mortgages;
- (c) status of regional and international economic conditions which, directly or indirectly, affect mortgage lending risk;
- (d) size, nature and complexity of the Manager's mortgage business with a specific view to metrics such as:
 - (i) the Manager's business strategy with regard to acquisition of mortgage loan assets (e.g., products, markets) in Canada and internationally;

- (ii) the Manager's risk management practices and processes with respect to all mortgage loans, including limits on relevant segments or parameters (e.g., lending, acquisition, product, borrower/property characteristics and geographic concentration);
- (iii) individual mortgage loan level, acceptable underwriting and acquisition standards, criteria and limits (e.g., credit scores, loan-to-value ratios, debt service coverage, amortization periods, loan priority, etc.) for all mortgage products and loan types (e.g., first and second mortgages and prime, near prime and non-prime mortgages);
- (iv) identification and escalation processes for mortgage underwriting and/or acquisition exceptions, if any, including a process for approval and exception reporting;
- (v) limits on any exceptions to residential mortgages underwritten and/or acquired; and
- (vi) ensuring mortgage origination and administration software systems (e.g. Ice Encompass, Dolphin, The Mortgage Office, LSUM, CapScore and others that may be acquired in the future) are operating properly.

The Lending Committee is responsible to ensure, on an individual mortgage and mortgage portfolio basis, on-going operational compliance with the Fund's investment guidelines and strategies including, but not limited to: identifying key mortgage lending risks; monitoring risk exposures; mitigating identified risks; ensuring risk management policies, processes and limits are adhered to; confirming reasonable due diligence including recording and assessing a borrower's identity, credit history, and where applicable, their income; verifying compliance with the Manager's privacy of personal information policy; recording documentation used for mortgage approval; confirming appropriateness of appraisals relied on; ensuring relevant mortgages are compliant with bank lender line of credit margining guidelines; where applicable, checking debt service coverage is reasonable; confirming mortgage loan-to-value ratios are within both the Manager's as well as the bank lender's guidelines; and ensuring the loan purpose is reasonably attainable.

Lending Policies, Practices and Restrictions

The identification process for prospective Eligible Investments is based on the Manager's experience and judgment, in its capacity as mortgage originator, mortgage administrator and restricted portfolio manager. Once a prospective Eligible Investment has been identified for possible investment, the Manager will conduct a financial analysis of such asset.

The Fund's current lending policies, practices and restrictions include, but are not limited to, the following:

- (a) in Canada and the U.S., the Fund will make commercial, industrial and residential loans secured by first and second mortgage charge;
- (b) in Mexico, the Fund will make residential loans to non-resident foreign nationals secured by first beneficiary charge in, or as first assignee of, a Mexican Trust;
- (c) the Fund's loans will be made by purchasing Eligible Investments offered for sale by the Affiliated MLOs or a third-party mortgage broker/banker;
- (d) following funding, all of the Fund's Eligible Investments will be registered on title to the subject property in the Mortgage Entity's name, the Affiliated MLO's name, or a nominee bare trustee for the Trust;
- (e) the Fund will seek to maintain at least seventy percent (70%) of our Eligible Investments as mortgages over residential real estate or an Allowable Security;
- (f) no more than thirty percent (30%) of the Fund's Eligible Investments will be second mortgages over real estate;
- (g) no more than thirty percent (30%) of the Fund's Eligible Investments will be first or second mortgages over commercial real estate;
- (h) no more than twenty-five percent (25%) of the Fund's Eligible Investments will be first mortgages over fix & flip and/or ground-up construction draw-type mortgages;
- (i) no more than thirty percent (30%) of the Fund's Eligible Investments will be in land leases;

- (j) no more than twenty percent (20%) of the Fund's Eligible Investments will be in InversaTerm™ mortgages;
- (k) the Fund will generally acquire Eligible Investments for which the Lending Committee has reviewed and evaluated an independent appraisal;
- (l) the Fund will not acquire an Eligible Investment unless at the date the Eligible Investment is acquired or funds are initially committed (as the case may be) the indebtedness secured by such Eligible Investment generally does not exceed, on a property-by-property basis:
 - (i) in Canada or the U.S., eighty-five percent (85%) of the appraised value of the real property securing a residential mortgage;
 - (ii) in Mexico, seventy-five percent (75%) of the appraised value of the real property securing a residential mortgage; and
 - (iii) in Canada or the U.S. with respect to non-residential properties:
 - (A) sixty percent (60%) of the appraised value (depending on location) of land acquisition for which no construction is contemplated within one hundred and twenty (120) days,
 - (B) seventy-five percent (75%) of the lesser of appraised value or purchase price of a commercial (all classes) acquisition,
 - (C) seventy-five percent (75%) of the lesser of appraised value or purchase price of a commercial (all classes) refinance, or
 - (D) with respect to construction and fix & flip financing: (i) where no take-out financing has been pre-arranged, the lesser of seventy-five percent (75%) of appraised value or eighty-five percent (85%) of cost to complete; or (ii) where take-out financing has been pre-arranged, the amount of the take-out financing;
- (m) the Fund's maximum residential loan size is:
 - (i) one million dollars (\$1 M) in Canada and Mexico; or
 - (ii) two million dollars (\$2 M) in the U.S.;
- (n) the Fund's maximum commercial loan size is:
 - (i) two million dollars (\$2 M) in Canada and the U.S.;
- (o) the Fund will not lend more than five percent (5%) of the total of the Fund's capital (which, for greater certainty, includes capital and capital available through the Fund's lines of credit) to any one borrower or mortgage;
- (p) the Fund will not acquire commercial, ground-up construction or fix & flip loans in Mexico;
- (q) the Fund will not acquire an Eligible Investment or lend any funds unless it has been approved by the Lending Committee;
- (r) the Fund will not knowingly acquire any Eligible Investment or make any loan that would result in the Trust failing to qualify as a "mutual fund trust";
- (s) the Fund will not lend for the purposes of exercising control over management of any issuer;
- (t) the Fund will not act as an underwriter;
- (u) the Fund will not loan money to or acquire securities of the Affiliated MLOs or their affiliates or other non-arm's length parties, other than Eligible Investments provided by the Affiliated MLOs under the Management Agreement, Mortgage Administration Agreement or any mortgage administration agreement with an Affiliated MLO;

- (v) following the initial funding of an Eligible Investment, no subsequent valuation shall be required unless a default has occurred or the Manager determines such valuation is required, in its sole discretion;
- (w) provided a borrower is in good standing at the time of renewal, the Manager's general practice is to renew a mortgage as it comes due; and
- (x) to the extent that, from time to time, the Fund's funds are not deployed, we will hold such funds in cash deposited with a Canadian Chartered Bank or invest such funds in Permitted Investments.

The lending policies, practices and restrictions of the Fund as set out above may be amended, supplemented or replaced from time to time. The amendment of any of the Fund's established mortgage investment guidelines to be less restrictive than its existing guideline (e.g. higher maximum loan-to-value ratio, larger maximum loan amount, higher percentage of second mortgages, etc.) requires unanimous approval by the Independent Board and notification to Trust Unitholders sixty (60) days prior to such amendment taking effect. For greater certainty, the amendment of any of the Fund's mortgage investment guidelines to be more restrictive than its existing guideline is at the Manager's discretion and does not require approval by the Independent Board.

Notice of any amendment, supplement or replacement to our lending policies, practices and restrictions shall be deemed to be received by a Trust Unitholder on that day which is five days after the date of mailing or emailing by the Trust.

Notwithstanding the foregoing, if at any time a government or regulatory authority having jurisdiction over the Fund or the Eligible Investments held by the Fund shall enact any law, regulation or requirement which is in conflict with any of our lending policies, practices or restrictions then in force, such policy, practice or restriction in conflict shall, if the Independent Board so resolves, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the directors shall be effective immediately and such amended, supplemented or replaced investment policies, practices and restrictions may be implemented immediately without the necessity of the Fund providing notice thereof prior to implementation.

Due Diligence

The Manager will control the risks associated with acquiring Eligible Investments through extensive due diligence. All Eligible Investments will be evaluated based on the Manager's current underwriting guidelines. Due diligence processes will be carried out by the Manager, in its capacity as mortgage broker, and overseen by the Manager, in its capacity as manager of the Fund, and the steps undertaken will generally include the following:

- (a) application with required information is gathered and submitted;
- (b) loan underwriting is completed and an offer of finance is made;
- (c) offer is accepted and loan underwriting is completed;
- (d) final unconditional mortgage approval is provided;
- (e) pre-closing is completed;
- (f) legal Counsel is instructed and file is closed; and
- (g) post-closing file is moved from loan origination to loan administration.

2.3 Manager Operating History

The Manager has a proven track record in the business of originating, underwriting, servicing and syndicating mortgages in the non-prime mortgage market segments in Canada for over twenty-seven years. The Manager is licensed as a mortgage broker in Alberta, British Columbia, Manitoba and Ontario, and as a financing corporation in Saskatchewan. The Manager may seek and obtain similar licensing in other provinces or territories as business opportunities arise in those jurisdictions. For a summary of the Manager's experienced personnel, see **Item 3.3 - Management Experience**.

The Manager has operated in Alberta since 1997 and expanded its operations into Saskatchewan in 1999, British Columbia in 2008, and Manitoba and Ontario in 2021. The Manager has originated, underwritten and serviced mortgage investments on behalf of, and syndicated mortgage investments with, various mortgage investment corporations, numerous investor clients and third-party mortgage investment entities. The Manager is known in the non-bank real estate lending industry in Canada. The Manager sources potential transactions principally through its in-house and

external network of licensed mortgage brokers, referral agents and repeat borrowers. The underwriting, lending and operating policies adopted by the Manager have proven to be well suited to the market serviced by the Manager and form the basis for its lending policies. The Manager operates from its head office in Edmonton.

The U.S. MLO has operated in the U.S. since 2020 and began lending in 2022. The U.S. MLO holds mortgage banking and mortgage servicing licenses in Arizona, California, Colorado, Florida, Texas and Washington. The U.S. Manager initiated residential mortgage lending in April 2022, and has established a growing network of legal, tax and property valuation professionals to assist with its U.S. lending program. The Manager has facilitated residential mortgage loans made to Canadian non-resident foreign nationals.

The Manager began lending in Mexico in 2008 and has direct experience in the Mexican market. In Mexico, the Manager lends in destination resort markets for Canadian and U.S. non-resident foreign nationals, as well as other foreign nationals. The Manager also has experience originating residential development financing in Mexico.

The Manager has experience operating mortgage investment corporations beginning in 2003. The businesses managed and previously managed by the Manager include: Cedar Mortgage Corporation (“**Cedar**”), Cedar II, CapMIC and Crossroads-DMD Mortgage Investment Corporation (“**Crossroads**”, together with Cedar, Cedar II and CapMIC, the “**MICs**”). The MICs were in the business of investing, directly or indirectly, in mortgages granted as security for loans to owners, builders and developers of residential, commercial and industrial real estate located in Canada. The Manager provided the MICs with mortgage opportunities and fund administration services. The MICs have the following history:

- **Cedar / Cedar II:** The Manager assumed administration of Cedar and Cedar II in 2003, both of which were acquired from Equiplan Mortgage Investors Fund Ltd. The Manager combined Cedar and Cedar II, and continued to operate Cedar II until the Initial Acquisition.
- **CapMIC:** The Manager established CapMIC in 2005 and continued to operate CapMIC until the Initial Acquisition.
- **Crossroads:** The Manager assumed administration of Crossroads, a distressed mortgage investment corporation, in 2016. The Manager restructured Crossroads from 2016 to 2021 to prepare for its sale. Crossroads was acquired in April 2022 by a third-party, and the Manager has been retained as the mortgage administrator of Crossroads.

The Manager believes that its experience, combined with its related businesses and innovative lending strategies, positions it to serve the market with a broad and comprehensive range of solutions. Such solutions are potentially valuable to the Fund as the Manager can provide customers with access to unique and flexible mortgages, which are expected to drive additional customers to its products. The Manager believes that its ability to leverage its industry knowledge, agility and intelligent systems to attract customers to the enter into mortgage products with the Mortgage Entities, is a key competitive advantage and differentiates the Manager’s offerings from its competitors. See **Item 2.2.3 - Investment Strategy - Competitive Advantage**.

The Manager also anticipates that a pipeline of potential Eligible Investments will continue to present themselves due to the Manager’s ongoing innovations (see **Item 2.2.3 - Investment Strategy**), which will be vetted in accordance with the Fund’s lending policies as outlined in **Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions**.

2.4 Development of the Business

The Trust and the Partnership have limited operating history since their formations on November 9, 2022 and November 4, 2022, respectively. See **Item 9 - Risk Factors**.

Since formation, the Trust has incurred costs in connection with offerings of Trust Units, and has been engaged in activities in preparation for such offerings, which have included, among other things: (a) consulting with financial and legal advisors; and (b) preparing offering documents and the agreements discussed in this Offering Memorandum.

In addition, the Fund has incurred costs in connection with the Initial Acquisition. See **Item 2.4.1 - Initial Acquisition**.

The Partnership is a partial “blind pool” investment, meaning that the investments to be made by the Partnership, indirectly with the proceeds of the Offering have not yet been identified and Trust Unitholders will not have an opportunity to evaluate the additional investments in which the proceeds of this Offering will ultimately be invested or the terms of such acquisitions. See **Item 9 - Risk Factors**.

2.4.1 Initial Acquisition

On December 22, 2022, the Trust, by way of a plan of arrangement, indirectly acquired the Eligible Investments and Enforcement Properties from CapMIC and Cedar II. As consideration for such Eligible Investments and Enforcement Properties, the Trust paid an aggregate purchase price in the amount of \$33,619,015.92, satisfied by the issuance of 25,217,961 Series F Units to the shareholders of CapMIC and Cedar II valued at \$25,217,878.82 and cash in the amount of \$8,401,137.10. Immediately following the closing of the plan of arrangement, the Trust transferred its indirect interest to such Eligible Investments and Enforcement Properties to the Partnership in exchange for an equal number of Series F LP Units to the number of Series F Units the Trust issued to shareholders of CapMIC and Cedar II, such Series F LP Units to be the Corresponding LP Units.

The portfolios of Eligible Investments and Enforcement Properties transferred to the Fund from CapMIC and Cedar II as at December 22, 2022 are described below.

The Fund acquired first and second residential and commercial mortgages valued at \$33,262,015. Such portfolio consisted of 126 first mortgages worth some \$31,299,556 (94.1%) and 22 second mortgages worth some \$1,962,459 (5.9%). The average face rate of the first and second mortgages was 4.25% and 16.00%, respectively. With respect to the first mortgages, three loans are in default with a combined loan provision of \$22,759 (0.068% of the portfolio). With respect to the second mortgages, one loan is in default with a loan provision of \$30,933 (0.092% of the portfolio). The mortgage portfolio is geographically divided as follows: 93.3% is located in Alberta, 3.3% in British Columbia, 1.3% in Saskatchewan, 1.3% in Ontario, and 0.7% in the Northwest Territories.

Typical loan terms of the mortgages acquired in the Initial Acquisition include: one-year fixed interest rate, 25-year amortization, and principal and interest payments due monthly. The estimated average loan-to-value ratio for all such mortgages is 66.3%, with the estimated average first mortgage loan size being \$238,754 and second mortgage being \$86,341. The mortgage portfolio has the following characteristics: 93% are residential, 4% are commercial and 3% are other. Mortgage loan-to-value ratios are calculated by dividing all the debt on a property by the appraised value of the property.

2.4.2 Current Eligible Investments and Enforcement Properties

As of March 31, 2024, the Fund's portfolio of Eligible Investments consisted of 131 mortgages representing a total principal amount of \$29,594,798 (comprising 99.4% of the Fund's assets, with the remainder of the assets consisting of three Enforcement Properties valued at \$174,500). Typical loan terms of the Eligible Investments held by the Fund include: one-year fixed interest rate, 25-year amortization, and principal and interest payments due monthly. The following is a summary of the current Eligible Investments as at March 31, 2024.

Eligible Investments Data	As at March 31, 2024												
Average of the interest rates payable under the Eligible Investments, weighted by the principal amount of same	11.00%												
Average of the terms to maturity of the Eligible Investments, weighted by the principal amount of same	1 year term with 25-30 years amortization												
Average loan-to-value ratio of the Eligible Investments, calculated for each Eligible Investment by dividing the total principal amount of the Fund's mortgage and all other loans ranking in equal or greater priority to the Fund's mortgage by the fair market value of the property, weighted by the principal amount of each Eligible Investment	<table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Average loan-to-value ratio in respect of first priority mortgages:</td> <td style="text-align: right;">49.30%</td> </tr> <tr> <td>Average loan-to-value ratio in respect of second priority mortgages:</td> <td style="text-align: right;">14.29%</td> </tr> </table>	Average loan-to-value ratio in respect of first priority mortgages:	49.30%	Average loan-to-value ratio in respect of second priority mortgages:	14.29%								
Average loan-to-value ratio in respect of first priority mortgages:	49.30%												
Average loan-to-value ratio in respect of second priority mortgages:	14.29%												
Principal amount, and the percentage of the total principal amount of the Eligible Investments, that rank in the following: (a) first priority; (b) second priority; and (c) third or lower priority	<table style="width: 100%; border: none;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;">(a)</td> <td style="width: 40%;">\$27,436,866</td> <td style="width: 40%; text-align: right;">93.05%</td> </tr> <tr> <td></td> <td>(b)</td> <td>\$ 2,055,784</td> <td style="text-align: right;">6.95%</td> </tr> <tr> <td></td> <td>(c)</td> <td>\$ 0</td> <td style="text-align: right;">0%</td> </tr> </table>		(a)	\$27,436,866	93.05%		(b)	\$ 2,055,784	6.95%		(c)	\$ 0	0%
	(a)	\$27,436,866	93.05%										
	(b)	\$ 2,055,784	6.95%										
	(c)	\$ 0	0%										

Eligible Investments Data	As at March 31, 2024		
Principal amount, and the percentage of the total principal amount of the Eligible Investments, that is attributable to each jurisdiction of Canada, each state or territory of the United States of America and each other foreign jurisdiction	Alberta:	\$25,495,344	86.15%
	British Columbia:	\$ 907,551	3.07%
	Saskatchewan:	\$ 724,156	2.45%
	Ontario:	\$ 430,300	1.45%
	Northwest Territories:	\$ 27,901	0.09%
	United States (Hawaii):	\$ 276,961	0.94%
	United States (Arizona):	\$ 137,000	0.46%
	Mexico:	\$ 1,595,586	5.39%
Property type and principal amount, and the percentage of the total principal amount of the Eligible Investments, that is attributable to each property type	Residential:	\$22,766,251	76.93%
	Commercial:	\$ 3,303,775	11.16%
	Land:	\$ 3,210,845	10.85%
	Construction:	\$ 313,927	1.06%
Percentage of Eligible Investments that will mature in less than one year following March 31, 2024 comprising the total principal amount of the Eligible Investments	26.27%		
With respect to Eligible Investments with payments more than 90 days overdue, the number of those Eligible Investments, the principal amount of same, and the percentage that same represent of the total principal amount of the Eligible Investments	2 Eligible Investments are more than 90 days overdue, representing \$264,540 principal amount (0.89% of total principal amount of the Eligible Investments)		
With respect to Eligible Investments with an impaired value, the principal amount and percentage that same represent of the total principal amount of the Eligible Investments	\$2,773,024	9.37%	
Average credit score of borrowers, weighted by principal amount of the Eligible Investments	610		

2.4.3 Performance of Trust Units

The following table provides the yearly performance of the Trust Units from the date of issuance of the Trust Units until December 31, 2023, as further described in the notes thereto. The table provides the percentage increase or decrease of an investment in Trust Units during the period noted.

	Series A Units	Series C Units	Series F Units
Investor return from December 22, 2022 to December 31, 2022 ⁽²⁾⁽³⁾	N/A ⁽¹⁾	N/A ⁽¹⁾	-2.2%
Investor return from January 1, 2023 to December 31, 2023 ⁽³⁾	N/A ⁽¹⁾	5.59%	6.58%

Notes:

- (1) No performance information is included because during the specified period, no relevant units had been issued. With respect to Series A Units, none have been issued as of the date of this Offering Memorandum.
- (2) Trust Units were issued in connection with the Initial Acquisition on December 22, 2022.
- (3) Investor return is our estimate of the increase in value of the Trust Units during the period. The investor returns are based on the following assumptions: (i) all distributions are reinvested in additional Trust Units; and (ii) all returns are net of fees. The investor returns differ between series of Trust Units due to different fee structures.

In 2023, the Fund's Eligible Investments and Enforcement Properties generated \$2,819,724 in interest. The value of the Eligible Investments and Enforcement Properties are determined in accordance with fair market value in a manner consistent with the methodology employed in the financial statements of the Trust and Partnership.

Past performance of the Trust Units and the Fund's Eligible Investments and Enforcement Properties is not indicative of future results. See **Item 9 - Risk Factors**. For more information, see the financial statements of the Fund attached to this Offering Memorandum.

2.4.4 Ongoing Disclosure

On an ongoing basis, the Fund provides the following information to Trust Unitholders: (a) quarterly and annual unitholder updates, including performance data; (b) quarterly unitholder statements; (c) annual financial statements; and (d) other newsletters and updates as required to inform Trust Unitholders of relevant changes or events that may impact the Trust Unitholders or their investment in the Trust Units.

2.5 Long-Term Objectives

2.5.1 Long-Term Objectives of the Trust

The Trust's long-term (i.e. subsequent to the next 12 months following the date of this Offering Memorandum) objectives are:

- (a) to conduct offerings similar to the Offering, including the issue and sale of Trust Units over multiple closings (for a breakdown of anticipated costs see **Item 1.1 – Available Funds**);
- (b) to acquire LP Units of a corresponding series; and
- (c) to earn, allocate and distribute to Trust Unitholders in accordance with the Declaration of Trust, income derived from its investment in the Partnership (see **Item 5.1.2 - Distributions** and **Item 5.1.3 - Distribution Policy of the Trust and the Partnership**).

2.5.2 Long-Term Objectives of the Partnership

The Partnership's long-term (i.e. subsequent to the next 12 months following the date of this Offering Memorandum) objectives are:

- (a) to raise capital from the sale of LP Units to the Trust and other investors;
- (b) to acquire, operate and manage a portfolio of Eligible Investments (see **Item 2.2.2 - Investment Objective**);
- (c) preserve invested capital and generate a steady stream of income to investors with its portfolio of Eligible Investments; and
- (d) to earn, allocate and distribute to holders of LP Units in accordance with the Partnership Agreement (including the Trust), income derived from the Eligible Investments (see **Item 2.2 - Our Business**, **Item 5.1.2 - Distributions** and **Item 5.1.3 - Distribution Policy of the Trust and the Partnership**).

The time and cost to complete the events under this **Item 2.5 - Long-Term Objectives** cannot be confirmed until the Manager identifies suitable Eligible Investments. There is no assurance that any of these events will occur. The Offering is a partial "blind pool" offering, meaning that the investments to be made by the Partnership, indirectly with the proceeds of the Offering have not yet been identified and Trust Unitholders will not have an opportunity to evaluate additional Investments in which the proceeds of this Offering will ultimately be invested or the terms of such acquisition. See **Item 9 - Risk Factors**.

2.6 Short-Term Objectives

2.6.1 Short-Term Objectives of the Trust

The Trust's objectives for the 12 months after the date of this Offering Memorandum are discussed below.

Actions to be taken	Target Completion Date	Cost to Complete
Complete the Offering and acquire LP Units of a corresponding series to be issued by the Partnership	Various closings to be completed	See Item 1.2 - Use of Available Funds

2.6.2 Short-Term Objectives of the Partnership

The Partnership's objectives for the 12 months following the date of this Offering Memorandum are discussed below.

<u>Actions to be taken</u>	<u>Target Completion Date</u>	<u>Cost to Complete</u>
Acquire capital through the sale of LP Units to the Trust	Various closings to be completed	See Item 1.2 - Use of Available Funds
Investment in Eligible Investments	Ongoing ⁽¹⁾	See Item 1.2 - Use of Available Funds

Note:

- (1) The time and cost to complete this event cannot be confirmed until the Partnership identifies suitable Eligible Investments. There is no assurance that any of these events will occur. The Offering is a partial "blind pool" offering, meaning that other than the Eligible Investments and Enforcement Properties described herein, the investments to be made by the Partnership, indirectly with the proceeds of the Offering, have not yet been identified and Trust Unitholders will not have an opportunity to evaluate additional investments in which the proceeds of the Offering will ultimately be invested or the terms of such acquisition. See **Item 2.4.2 - Current Eligible Investments and Enforcement Properties** and **Item 9 - Risk Factors**.

2.7 Insufficient Funds

The available funds may not be sufficient to accomplish the Trust's and the Partnership's proposed objectives and there is no assurance that alternative financing will be available on acceptable terms or at all. The Trust or the Partnership may, to the extent available on acceptable terms, obtain institutional financing or other arm's length, third party financing. There is no assurance that the Trust and the Partnership will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum. See **Item 9 - Risk Factors**.

2.8 Material Contracts

The following summarizes all formal, written agreements, contracts or commercial instruments that can reasonably be regarded as material, currently or upon being entered into, by the Trust, the Partnership, the Manager or the Mortgage Entities in connection with the Offering or with a related party:

- (a) Declaration of Trust;
- (b) Partnership Agreement;
- (c) Management Agreement;
- (d) Mortgage Administration Agreement;
- (e) Reimbursement Agreement; and
- (f) DRIP.

In addition to the material agreements listed above, the Trust, the Partnership, the Manager or the Mortgage Entities may enter into mortgage administration agreements and/or services agreements with Affiliated MLOs on commercial terms approved by the Independent Board.

Prospective Investors may obtain a copy of each of the material contracts listed above by requesting same from the Manager at investors@caplink.ca or in person during normal business hours at the offices of the Manager, located at Suite 1000, College Plaza, 8215 112 Street NW, Edmonton, AB T6G 2C8.

2.8.1 Declaration of Trust

The rights and obligations of Trust Unitholders are governed by the Declaration of Trust.

The following is a summary only of certain terms in the Declaration of Trust which, together with other summaries of additional terms of the Declaration of Trust appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of the Declaration of Trust, a review of which is recommended to Investors.

General

The Trust is an unincorporated, open-ended investment trust. The Trust is governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by applicable laws and the terms and conditions set forth in the Declaration of Trust.

Purpose of the Trust

The Declaration of Trust provides that the undertaking and activities of the Trust are restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities issued by the Partnership, and borrowing funds and issuing debt securities, *directly or indirectly*, for that purpose and issuing Redemption Notes;
- (b) temporarily holding cash in connection with and for the purposes of the Trust's undertaking, paying administration and trust expenses, paying any amounts required in connection with the redemption of Trust Units and making distributions to Trust Unitholders and borrowing funds and issuing Redemption Notes for those purposes, directly or indirectly;
- (c) issuing Trust Units and other securities of the Trust for the purposes of:
 - (i) obtaining funds to conduct the undertakings and activities described above, including raising funds for further investments, acquisitions or development;
 - (ii) repaying any indebtedness or borrowings of the Trust;
 - (iii) establishing and implementing distribution reinvestment plans, Trust Unit purchase plans, incentive option and other compensation plans, if any, established by the Trust or an affiliate of the Trust;
 - (iv) making non-cash distributions to holders of Trust Units as contemplated by the Declaration of Trust, including distributions pursuant to distribution reinvestment plans, if any, established by the Trust;
 - (v) giving effect to any arrangement or reorganization; or
 - (vi) satisfying obligations (if any) to pay the applicable Redemption Price for the redemption, purchase or other acquisition of Trust Units, in certain circumstances contemplated in the Declaration of Trust;
- (d) guaranteeing the obligations of its affiliates pursuant to any good faith debt for borrowed money or any other obligation incurred by such entity in good faith for the purpose of carrying on its business, and pledging securities and other property owned by the Trust as security for any obligations of the Trust, including obligations under any such guarantee, provided that the Trust will not, in any event, provide a guarantee which would result in the Trust not being considered a unit trust or a mutual fund trust for purposes of the Tax Act;
- (e) granting security in any form, over any or all of the Trust's assets to secure any or all of the obligations of the Trust or its affiliates;
- (f) repurchasing or redeeming securities of the Trust, including Trust Units, subject to the provisions of the Declaration of Trust and applicable law;
- (g) carrying out any of the transactions, and entering into and performing any of the obligations of the Trust under any agreements contemplated by the Declaration of Trust;
- (h) engaging in all activities necessary, ancillary, incidental or related to any of those activities set forth in paragraphs (a) through (g) above; and
- (i) undertaking such other activities or taking such actions, including investing in securities, as is to be approved by the Trustees or the Manager from time to time,

provided that the Trust will not, in any event, undertake any activity, take any action, or make any investment which would result in the Trust not being considered a unit trust or a mutual fund trust for purposes of the Tax Act.

Attributes and Issuance of Trust Units

The beneficial interests of the Trust shall be represented and constituted by an unlimited number of Trust Units of a single class divided into an unlimited number of series, in such number and designation as determined by the Trustees from time to time and set out in the Declaration of Trust. Trust Units may be created and issued by the Trustees in their sole discretion from time to time. The Trustees shall have sole discretion in determining the attributes which shall attach to each series of Trust Units. The issued and outstanding Trust Units may be subdivided or consolidated from time to time by the Trustees without the prior approval of, or notice to, any Trust Unitholder.

Portfolios

The proceeds from the issuance of each series of Trust Units may be invested in a separate portfolio of investments held by the Fund in respect of one or more particular series of Trust Units, as described in an addendum or amendment to the Declaration of Trust from time to time (each a "**Portfolio**"). The Trustees or the Manager may take any actions that they, in their sole discretion, consider necessary in order to equitably reflect the fact that a specific series of Trust Units is invested in a specific Portfolio. Such actions include, but are not limited to, making such adjustments to the amounts distributable to such series of Trust Units as is necessary to permit the Trustees or the Manager, to the extent possible, to take into account the assets, liabilities, income (including realized capital gains), losses and expenses determined by the Trustees or the Manager to be attributable to such series of Trust Units as a result of its investment in a specific Portfolio.

For greater certainty, the Fund will invest the proceeds from the Offered Units in a single Portfolio.

Fractional Units

Except with the prior consent of the Manager, Trust Units may not be divided or split into fractions and, except with the prior consent of the Manager, the Trust will not accept any subscriptions for or record any transfer of any interest in less than a whole Trust Unit. However, fractional Trust Units may be issued, assigned and entered in the register of the Trust and shall have attached thereto the rights, privileges, limitations, restrictions and conditions attaching to whole Trust Units in the proportion that they bear to a whole Trust Unit.

Trust Distributions

The distribution entitlements of the Trust Units are set forth in **Item 5.1.2 - Distributions - Trust Distributions**.

Redemption/Retraction of Trust Units

The redemption/retraction rights of the Trust Units are set forth in **Item 5.1.4 - Redemption and Retraction of Trust Units**.

Transfer of Trust Units

Trust Unitholders cannot transfer their Trust Units except in very limited circumstances. See **Item 5.1.5 - Transfers of Trust Units**, **Item 9 - Risk Factors** and **Item 11 - Resale Restrictions**.

Trustees

The Trust shall have a minimum of one (1) and not more than nine (9) trustees. The number of trustees of the Trust within such range shall be determined by resolution of the Trustees, and may be changed by resolution of the Trustees from time to time. As of the date hereof, the number of trustees of the Trust has been fixed at four (4), and shall continue at such number until such time as the Trustees pass a resolution to fix the number of trustees of the Trust at a new number.

Following the passage of a resolution by the Trustees fixing the number of trustees of the Trust at a greater number (not to exceed nine (9)) than was fixed immediately prior to the passage of such resolution, the Manager shall appoint the additional trustees to fill the vacancies created by the increase in number of trustees of the Trust.

The Trustees (including the initial Trustee) are appointed for a term of office which shall continue until the earlier of their death, resignation or removal in accordance with the Declaration of Trust, and shall be entitled to receive for their services as Trustees such reasonable compensation as the Trustees may determine from time to time (provided that a Trustee who is also an officer of the Manager shall not receive compensation), as well as reimbursement of their out-of-pocket expenses incurred in acting as a Trustee. Such Trustees, either directly or indirectly, shall also be entitled to receive remuneration (in such amount as is determined in the discretion of the Trustees) for services rendered to the Trust in any other capacity. See **Item 3.1 - Compensation and Securities Held**.

A Trustee may resign at any time by an instrument in writing signed by him or her and delivered to the Trust. Such resignation shall take effect on the later of: (a) sixty (60) days following the date that notice of such resignation is delivered to the Trust; and (b) any effective date of resignation as may be specified in the notice. In the case of a resignation, all or a majority of the Trustees remaining in office may appoint a replacement Trustee provided that should they fail to do so then the Manager may appoint a replacement Trustee. Any Trustee may be removed at any time, with or without cause, by the Manager giving such Trustee five days written notice.

The Trustees (or any of them) may be removed at any time by: (a) a resolution proposed to be passed as a special resolution at a meeting of Trust Unitholders (including an adjourned meeting), voting as a single class, duly convened for that purpose and held in accordance with the Declaration of Trust and passed by more than seventy-five percent (75%) of the votes cast on such resolution by Trust Unitholders present or represented by proxy at the meeting; or (b) a resolution in writing executed by Trust Unitholders holding more than seventy-five percent (75%) of the votes attached to all of the outstanding Trust Units of all series at any time; provided that if such resolution removes all of the Trustees, it shall only be effective if it also elects at least one replacement Trustee. If the Trust Unitholders so remove and replace a Trustee pursuant to this section, then the Manager shall cease to have the power to appoint, remove or replace any of the Trustees for any reason.

The Declaration of Trust provides that, subject to the specific limitations contained in the Declaration of Trust, the Trustees have, without further or other action or consent, and free from any power of control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust's assets and management of the affairs of the Trust to the same extent as if the Trustees were the sole and absolute beneficial owners of the Trust's assets in their own right, to do all such acts and things as in their sole judgment and discretion that are necessary or incidental to, or desirable for, carrying out the trust created by the Declaration of Trust.

The Manager

Pursuant to the Declaration of Trust, the Manager shall have the powers and duties as may be provided for in the Declaration of Trust as well as in the Management Agreement and has the power to further delegate management and administration of the Trust, as well as the power to retain and instruct such appropriate experts or advisors and/or service providers (third-party or affiliated) to assist in the performance of those duties and obligations. In the Declaration of Trust, the Trustees delegated to the Manager full and absolute right, power and authority to undertake, perform and provide, for and on behalf of the Trust, all acts, duties and responsibilities as the Manager considers, in its sole discretion, necessary or desirable in connection with any offering of Trust Units from time to time. The Management Agreement sets forth certain rights, restrictions and limitations which pertain to the performance by the Manager of the duties delegated to it by the Trustees. See **Item 2.8.3 - Management Agreement**.

All determinations of the Manager which are made in good faith relating to the Trust shall be final and conclusive and shall be binding upon the Trust and all Trust Unitholders.

The services of the officers and directors of the Manager will not be exclusive to the Manager or the Trust, and nothing in the Declaration of Trust or the Management Agreement shall prevent, or be construed to prevent the officers and directors of the Manager from engaging in other activities apart from those services being provided thereby to the Manager or the Trust (whether or not those other activities are the same or similar to the activities being carried out on behalf of the Manager or the Trust).

Standard of Care and Duties

Each Trustee and the Manager, in exercising the powers and authority conferred upon them pursuant to the Declaration of Trust, will act honestly and in good faith with a view to the best interests of the Trust and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Unless otherwise required by law, the Trustees and the Manager are not required to give surety bonds or security in any jurisdiction for the performance of any duties or obligations under the Declaration of Trust. The Trustees and the Manager are not required to devote their entire time to the investments or business or affairs of the Trust.

To the extent that the performance of certain duties and activities has been granted to the Manager in the Declaration of Trust, or that the Trustees have delegated the performance of certain duties and activities to the Manager pursuant to the Management Agreement, the Trustees shall be deemed to have satisfied the aforesaid standard of care.

Limitation on Non-Resident Ownership

The Trust intends to continue to qualify as a mutual fund trust under the Tax Act. This requires, among other things, that the Trust not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time are Non-Residents entitled to beneficially own more than forty-five percent (45%) of the Trust Units. The Trust may require declarations as to the jurisdictions in which beneficial owners of Trust Units are resident. If the Manager becomes aware

that the beneficial owners of forty-five percent (45%) of the Trust Units then outstanding are, or may be, Non-Residents, or that such a situation is imminent or foreseeable, the Manager may refuse subscriptions from individuals who cannot provide a declaration that they are not a Non-Resident. Furthermore, the Declaration of Trust grants the Manager the ability to (a) require Non-Resident Trust Unitholders to sell or otherwise dispose of Trust Units, or (b) require Non-Resident Trust Unitholders to redeem their Trust Units. Neither the Manager, the Trustees, nor any transfer agent appointed by the Trust, or any of their respective directors, officers, employees or agents shall have any liability in connection with sales or redemptions of Trust Units in connection with the above.

If the Tax Act is (or is proposed to be) amended in a manner which places new restrictions on Non-Residents beneficially owning Trust Units, the Declaration of Trust permits the Trustees to take any action they consider necessary (including amending the Declaration of Trust) to ensure that the Trust maintains its status as a mutual fund trust.

Limitation of Liability and Indemnification

To the fullest extent permitted by law, the Trust shall indemnify and hold harmless each of the Trustees, the Manager, and any of their affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees, and the Independent Trustees, and any person who serves at the request of the Trustees or the Manager on behalf of the Trust as an officer, director, partner, employee or agent of any other entity (each, a "**Trust Indemnified Party**") and for whom the Trustees and the Manager hold such rights in trust, as applicable) from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Trust Indemnified Party and arise out of or in connection with the affairs of the Trust, the performance by such Trust Indemnified Party of any of the Trustees' or the Manager's responsibilities under the Declaration of Trust or otherwise in connection with the matters contemplated in the Declaration of Trust, provided that no such Trust Indemnified Party shall be so indemnified, with respect to any matter for which indemnification is sought, to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Trust Indemnified Party acted in bad faith or engaged in fraud or willful misconduct or breached the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, engaged in actions that the Trust Indemnified Party knew to be unlawful. A Trust Indemnified Party shall not be denied indemnification in whole or in part because the Trust Indemnified Party had an interest in the transaction with respect to which indemnification applies if the transaction was otherwise permitted by the terms of the Declaration of Trust. No Trust Indemnified Party is entitled to satisfy any right of indemnity or reimbursement granted under the Declaration of Trust, or otherwise existing under law, except out of the assets of the Trust. No Trust Unitholder and none of the Trustees, the Manager, a director or officer of the Manager, or an officer of the Trust is personally liable to any Trust Indemnified Party with respect to any claim for such indemnity or reimbursement as aforesaid.

The Trustees, the Manager and the directors, officers, employees, shareholders, consultants, agents or representatives of the Trust, the Trustees and the Manager, as the case may be, in incurring any debts, liabilities or obligations, or taking or omitting any other actions for or in connection with the affairs of the Trust are, and shall be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacities.

To the fullest extent permitted by law, none of the Trust Indemnified Parties shall be liable to any Trust Unitholder for any action taken or not taken in good faith in reliance on any documents that are, *prima facie*, properly executed; for any depreciation of, or loss to, the Trust incurred by reason of the sale of any asset or security; for the loss or disposition of monies or securities; for any action or failure to act of any other person to whom the Trustees have delegated any of their duties under the Declaration of Trust; or for any other action or failure to act including the failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to the Trust, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such action or failure to act resulted from the Trust Indemnified Party's bad faith, fraud, wilful misconduct or breach of the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful. If the Trustees or the Manager have retained an appropriate expert or advisor with respect to any matter connected with its duties under the Declaration of Trust, the Trustees may act or refuse to act based on the advice of such expert or advisor and, notwithstanding any provision of the Declaration of Trust, including the standard of care set out above, neither the Trustees nor the Manager are liable for any action or refusal to act based on the advice of any such expert or advisor which it is reasonable to conclude is within the expertise of such expert or advisor to give.

To the fullest extent permitted by law, no Trust Indemnified Party is subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust's assets or the affairs of the Trust, including in respect of any loss or diminution in value of any Trust's assets, to the Trust or to the Trust Unitholders or to any other person for anything done or permitted to be done by the Trustees or the Manager. No Trust Indemnified Party is subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of the Trustees or the Manager for or in respect of the affairs of the Trust except to the extent that a court of

competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Trust Indemnified Party acted in bad faith or engaged in fraud or wilful misconduct or breached the standard of care set forth above in the performance of his duties, or in the case of a criminal matter, engaged in actions that the Trust Indemnified Party knew to be unlawful. No property or assets of the Trustees or the Manager are subject to any levy, execution or other enforcement procedure with regard to any obligations under the Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against a Trust Indemnified Party. The Trust is to be solely liable therefor and resort is to be had solely to the Trust's assets for payment or performance thereof.

Notwithstanding anything to the contrary in the Declaration of Trust, any matter that is approved by the Independent Trustees shall not constitute a breach of the Declaration of Trust or any duties to the Trust or to the Trust Unitholders stated or implied by law or equity, including fiduciary duties.

Trustees' Other Interests and Conflicts of Interest

Pursuant to the Declaration of Trust, the Trustees may have other interests or associations of whatever nature or kind aside from those related to the Trust. Each Trustee is expressly permitted:

- (a) to be an associate, affiliate, securityholder, director, officer, trustee, employee, agent or consultant of, or otherwise involved with, a person from or to whom assets of the Trust or of its associates or affiliates have been or are to be purchased or sold;
- (b) to be a person, or to be an associate, affiliate, securityholder, director, officer, trustee, employee, agent or consultant of (or otherwise involved with) a person, with whom the Trust or its associates or affiliates contracts or deals or which supplies services to the Trust or its associates or affiliates;
- (c) to acquire, hold and dispose of, for such Trustee's own account, any property (real, personal, tangible or intangible) even if such property is of a character which could be held by the Trust, and to exercise all rights of an owner of such property as if such Trustee were not a Trustee;
- (d) to acquire, hold and sell Trust Units as principal, or as an affiliate or associate of or fiduciary for any other person, and to exercise all rights of a holder thereof as if such Trustee was not a Trustee; and
- (e) to have business interests of any nature and to continue such business interests while a Trustee.

Each Trust Indemnified Party shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of the Trust, the Manager, the Partnership or the General Partner; or (b) such businesses and activities directly compete with, or disfavor or exclude, the Trust, the Manager, the Partnership or the General Partner. Such business interests, activities and engagements shall be deemed not to constitute a breach of the Declaration of Trust or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the Trust or the Partnership (or any of their respective Investors) and shall be deemed not to be a breach of the Trustees' fiduciary duties or any other obligation of any type whatsoever of the Trustees. None of the Trust or the Partnership or any other person shall have any rights by virtue of the Declaration of Trust or the relationship established hereby or otherwise in any business ventures of a Trust Indemnified Party. The Trust Indemnified Parties shall have no obligation under the Declaration of Trust or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Trust, the Partnership or the Trust Unitholders.

Pursuant to the Declaration of Trust, the Trust Unitholders acknowledge and accept that there are, and will continue to be, potential or actual interests of one or more of the Trustees, or their associates or affiliates (including conflicts of interest) with respect to business or other interests held directly or indirectly by, and/or contractual arrangements or transactions directly or indirectly involving, one or more of the other Trustees, or their respective associates or affiliates, or the Trust or its associates and affiliates or any of them, and the Trust Unitholders agree that:

- (a) any Trustee is hereby expressly permitted (notwithstanding any liability which might otherwise be imposed by applicable law or in equity upon such Trustee as a trustee) to derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with another Trustee or his associates or affiliates or the Trust or its associates or affiliates or as a result of the relationships, matters, contracts, transactions, affiliations or other interests it may have and such Trustee shall not be liable in law or in equity to pay or account to the Trust, or to any Trust Unitholder (whether acting individually or on behalf of itself, holders of Trust Units of a series or all Trust Unitholders as a single class) for any such direct or indirect benefit, profit or advantage nor, in such circumstances, will any contract or transaction be void or voidable at the instance of the Trust, of any Trust Unitholder or any other person; and

- (b) interests of any Trustee, or their respective associates or affiliates, including any conflicts of interest, will not form the basis for any claim against such Trustee, or their respective affiliate or associate, or for any attempt to challenge or attack the validity of any contract, transaction or arrangement (or renewal, extension or amendments of same) which the Trustees may enter into on behalf of the Trust;

provided, in each case, that the Trustee in question has otherwise exercised its powers and discharged its duties honestly and in good faith in respect to the matter, contract, transaction or interest in question.

Term and Dissolution of the Trust

Subject to the Declaration of Trust, the Trust shall continue for an indefinite term or such prior date that is the earlier of: (a) the date the Trustees or the Manager have resolved to terminate and dissolve the Trust; (b) the date upon which the Partnership is wound up and dissolved pursuant to the Partnership Agreement; and (c) the date which is one day prior to the date, if any, the Trust would otherwise be void by virtue of any applicable rule against perpetuities then in force in Alberta.

Meetings and Resolutions of Trust Unitholders

The Trust may but is not required to hold annual meetings of Trust Unitholders (or Trust Unitholders holding any particular series of Trust Units). The Trustees may call special meetings of Trust Unitholders (or Trust Unitholders holding any particular series of Trust Units), at any time and from time to time and for any purpose.

A meeting of Trust Unitholders may be convened at any time and for any purpose by the Trustees and must be convened if requisitioned by a written requisition of Trust Unitholders holding not less than twenty percent (20%) of the total of the Trust Units then outstanding. A written meeting requisition must: (a) set forth the name and address of each person who is supporting the requisition and the number of Trust Units held; (b) state in reasonable detail the business proposed to be transacted at the meeting; and (c) be sent to the Trustees in accordance with the Declaration of Trust.

A Trust Unitholder may attend and vote at all meetings of the Trust Unitholders either in person or by proxy and a proxyholder need not be a Trust Unitholder. At any meeting of the Trust Unitholders, a quorum consists of two or more Trust Unitholders present in person or by proxy, provided that a quorum with respect to a resolution to remove one or more of the Trustees shall be two or more Trust Unitholders holding more than thirty-three percent (33%) of the votes able to be cast on such resolution. Where, in the opinion of the Trustees, any proposed matter does not materially adversely affect the rights of holders of a class or series of Trust Units then the approval of such holders of such class or series shall not be required and such holders shall not be permitted to vote in relation to such proposed matter, unless the Trustees determine in their discretion to permit such holders to vote. Where business at a meeting affects one or more series of Trust Units in a manner or to an extent substantially different from that in or to which it affects the rights of the Trust Unitholders of any other series, the meeting is to be called a "series meeting" and the holders of the series of Trust Units so affected shall be entitled to approve the matter at a meeting of the holders of that series and the applicable matter will not be considered approved unless it is approved by Ordinary Resolution or Special Resolution, as applicable, by the holders of each affected series of Trust Units.

Trust Unitholders shall be entitled to pass resolutions that will bind the Trustees only with respect to matters required by applicable laws or the Declaration of Trust to be submitted to Trust Unitholders for approval.

Power of Attorney

Upon becoming a Trust Unitholder, each Trust Unitholder grants to the Trustees a power of attorney constituting the Trustees (whether acting individually or collectively) with full power of substitution as his or her true and lawful attorney to act on his or her behalf, with full power and authority in his or her name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters), when, as and where required:

- (a) the Declaration of Trust and any other instrument required, or desirable to, qualify, continue and keep in good standing the Trust as a mutual fund trust in all jurisdictions that the Trustees deem appropriate;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Declaration of Trust, including all conveyances, transfers and other documents required to effect any sale, transfer, repurchase or other disposition of Trust Units necessitated, required or permitted under the Declaration of Trust;
- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the Declaration of Trust;

- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Trust Unitholder's interest in the Trust, and the conduct of any audit, dispute, objection, appeal or other contest with respect to land transfer taxes assessed upon or payable by a Trust Unitholder with respect to the Trust Unitholder's interest in the Trust;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to the Declaration of Trust which is authorized from time to time as contemplated by the terms of the Declaration of Trust;
- (f) all transfers, conveyances and other documents required to deal with Trust Units, including to facilitate transfers, acquisitions and dispositions of Trust Units;
- (g) any instrument, deed, agreement or document as may be necessary or appropriate in connection with carrying on the business and undertaking of the Trust; and
- (h) all other instruments and documents on his behalf and in his name or in the name of the Trust as may be deemed necessary by the Trustees to carry out fully the Declaration of Trust in accordance with its terms;

and, for greater certainty, it is acknowledged and agreed by each Trust Unitholder that the Trustees may exercise any of the powers granted under the power of attorney irrespective of whether the Manager has been expressly authorized to take any such actions referred to above, and that the Trustees may substitute the Manager as a delegate, in whole or in part, of the powers granted in the Declaration of Trust.

The power of attorney granted in the Declaration of Trust is irrevocable, is a power coupled with an interest, and shall survive the insolvency, bankruptcy, death, incompetency, disability, dissolution or termination and any subsequent legal incapacity of the Trust Unitholder and shall survive the transfer by the Trust Unitholder of all or part of the Trust Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Trust Unitholder. Each Trust Unitholder agrees to be bound by any representations or actions made or taken by the Trustees or their delegate pursuant to the power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under the power of attorney. The power of attorney shall continue in respect of the initial Trustee so long as he is a Trustee of the Trust, and shall also continue in respect of a new Trustee as if the new Trustee was an initial trustee under the Declaration of Trust.

Amendments to Declaration of Trust

The provisions of the Declaration of Trust may only be amended, altered, supplemented or restated by Special Resolution and with the prior approval of the Trustees and the Manager, except where specifically provided otherwise; including that the Trustees may add to, delete, amend, modify, vary or change the provisions of the Declaration of Trust without the consent, approval or ratification of the Trust Unitholders, the Manager or any other person at any time for the purpose of:

- (a) ensuring or facilitating compliance with applicable laws, regulations, requirements or policies of any governing authority having jurisdiction over the Trustees, the Trust or Trust Unitholders;
- (b) providing additional protection or added benefits, in the reasonable opinion of the Trustees or the Manager, for the Trust Unitholders (including a change in the governing law of the Trust);
- (c) providing for the creation and issue of additional series of Trust Units and other securities of the Trust from time to time in accordance with the provisions of the Declaration of Trust;
- (d) curing any ambiguity or correcting or supplementing any provisions which, in the reasonable opinion of the Trustees, are defective or inconsistent with any other provision of the Declaration of Trust provided that, in the reasonable opinion of the Trustees, the cure, correction or supplemental provision does not and will not materially adversely affect the interests of any Trust Unitholders;
- (e) responding to changes to accounting standards from time to time provided that the Trustees have reasonably determined that such changes will not materially adversely affect the interests of any Trust Unitholders;
- (f) changing the situs of, or the laws governing, the Trust which, in the reasonable opinion of the Trustees, is desirable in order to provide Trust Unitholders with the benefit of any legislation limiting

their liability provided that such change does not introduce a material disadvantage to the Trust Unitholders that did not exist prior to such change;

- (g) making additions, deletions, amendments, modifications, variations or changes that, in the Trustees' or the Manager's reasonable opinion, are necessary or desirable as a result of changes in taxation laws or policies of any governing authority having jurisdiction over the Trustees, the Trust or the Trust Unitholders;
- (h) ensuring that the Trust qualifies or continues to qualify as a unit trust and a mutual fund trust under the Tax Act; or
- (i) making additions, deletions, amendments, modifications, variations or changes in any other manner provided the amendment does not materially adversely affect (and is not likely to materially adversely affect in the future) the pecuniary interests of any Trust Unitholder;

but notwithstanding the foregoing, no such addition, deletion, amendment, modification, variation or change or any other alteration, supplement or restatement is valid under the Declaration of Trust or binds the Trustees or any Trust Unitholders to the extent that it purports to:

- (a) modify the voting rights in the Declaration of Trust without the approval or consent of the Trust Unitholders by resolution passed by the affirmative votes of the holders of more than ninety percent (90%) of the total of the Trust Units then outstanding and represented at a meeting called for such purpose;
- (b) reduce the percentage of votes required to be cast at a meeting of the Trust Unitholders for any Trust Unitholder approval or Special Resolution, without the approval or consent of the Trust Unitholders by resolution passed by the affirmative votes of the holders of more than ninety percent (90%) of the total Trust Units then outstanding and represented at the meeting called for such purpose;
- (c) reduce the interest in the Trust's assets represented by any series of Trust Units without the approval or consent of the Trust Unitholders of such series by resolution passed by the affirmative votes of the holders of more than ninety percent (90%) of the total Trust Units of such series then outstanding and represented at the meeting called for such purpose; or
- (d) result in the Trust failing to qualify as a unit trust or mutual fund trust under the Tax Act at any time.

Fiscal Year-End

Each fiscal year and taxation year of the Trust ends on the 31st day of December of each calendar year unless the taxation year is deemed to end on a different date under the Tax Act.

2.8.2 Partnership Agreement

The rights and obligations of Limited Partners (including the Trust) are governed by the Partnership Agreement.

The following is a summary only of certain terms in the Partnership Agreement which, together with other summaries of additional terms of the Partnership Agreement appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of the Partnership Agreement, a review of which is recommended to Investors.

Purpose of the Partnership

The purpose of the Partnership is to seek income through one or more Eligible Investments.

Capital of the Partnership and Nature of the LP Units

The capital of the Partnership shall be divided into one or more classes of LP Units and each class shall be further divided into one or more series, in such number and designation as determined by the General Partner from time to time and as of the date hereof being Series A LP Units, Series C LP Units, Series F LP Units and Series M LP Units, each representing a share of the aggregate interests in the assets of the Partnership attributable to that class or series of LP Units, as applicable. The Partnership is authorized to issue an unlimited number of LP Units.

Each class and/or series of LP Units may: (a) have different attributes including different fees than those chargeable against LP Units of another class and/or series; (b) be subject to a different distribution policy; and (c) may have different redemption or other features than other classes and/or series of LP Units, in each case as the General Partner may determine.

Each holder of an LP Unit shall be entitled to one vote for each LP Unit held by such holder in respect of all matters to be voted upon by the Limited Partners or any of them.

The Capital Contribution per LP Unit and/or the Net Asset Value per LP Unit of any one class and/or series of LP Units need not be equal to the Capital Contribution per LP Unit and/or the Net Asset Value per LP Unit of any other class and/or series. The General Partner may at any time name or rename a class and/or series without otherwise affecting the attributes of such class and/or series.

Except as otherwise provided for in the Partnership Agreement, each issued and outstanding LP Unit of each class and/or series shall be equal to each other LP Unit of the same class and/or series with respect to all matters, including the right to receive allocations and distributions from the Partnership and otherwise.

Fractional Units

The General Partner may consolidate or subdivide the LP Units of a class or series from time to time in such manner as it considers appropriate. Except with the prior consent of the General Partner, an LP Unit may not be divided or split into fractions and, except with the prior consent of the General Partner, the Partnership will not accept any subscriptions for or record any transfer of any interest in less than a whole LP Unit. Subject to the foregoing, fractional LP Units may be issued, assigned and entered in the records of the Partnership, and shall have attached thereto the rights, privileges, limitations, restrictions and conditions attaching to whole Units in the proportion that they bear to a whole LP Unit.

Partnership Distributions

The distribution entitlements of the LP Units are set forth in **Item 5.1.2 - Distributions - Partnership Distributions**.

Redemption of LP Units

There is no general right of redemption by a Limited Partner and all redemptions are subject to the approval of the General Partner, in its sole discretion, provided that a Limited Partner may redeem LP Units that are designated as redeemable in accordance with the provisions set forth in the Partnership Agreement. All of the LP Units that will be purchased by the Trust with the proceeds of the Offering are redeemable.

To request the redemption of an LP Unit, a Limited Partner must send a duly completed and properly executed notice, in a form approved by the General Partner requesting the General Partner to redeem the LP Unit. No form or manner of completion or execution is sufficient unless the same is in all respects reasonably satisfactory to the General Partner and is accompanied by any further evidence that the General Partner may reasonably require with respect to the identity, capacity or authority of the person giving such notice. Any expense associated with the preparation and delivery of redemption notices is for the account of the Limited Partner requesting the redemption. Notwithstanding the foregoing, the General Partner may permit the Trust to redeem LP Units without complying with the foregoing formalities provided that any procedures approved by the General Partner with respect to redemptions by the Trust are complied with.

LP Units may be redeemed as at each Redemption Date. The notice documents referred to above shall be delivered to the General Partner at least thirty (30) days prior to the Redemption Date. A Limited Partner that redeems its LP Units on a Redemption Date ceases to have any rights with respect to such LP Units thereafter (other than to receive the redemption price unless the payment of the redemption price is not made as provided for herein) including the right to receive any distributions thereon which are declared payable to the Limited Partners of record on a date which is subsequent to the Redemption Date.

Subject to the limitations in the following paragraphs, upon redemption of an LP Unit the applicable Limited Partner is entitled to receive the redemption price for each such LP Unit being redeemed, which shall be an amount equal to the Net Asset Value per LP Unit determined as at the Redemption Date, multiplied by the Redemption Charge set out in the table below.

Period of time between the issuance date of the LP Unit being redeemed and the Redemption Date	Redemption Charge		
	Series A	Series C	Series F
< 1 year	98%	94%	99%
1 year to < 2 years	99%	96%	100%
2 years to < 3 years	100%	98%	100%
3 years and greater	100%	100%	100%

For greater certainty, the Series F LP Units issued as Corresponding LP Units to the Series F Units issued as consideration for the Initial Acquisition are not subject to a Redemption Charge.

The General Partner may, in its sole discretion, waive the application of the Redemption Charge set out above.

Pursuant to the foregoing table, a Limited Partner will receive a lower redemption price if such Limited Partner redeems his or her LP Units within a certain period of time from the date of investment (depending on the series of LP Unit held by the Limited Partner). This is intended to protect the Partnership and existing Limited Partners from a reduction in the value of the Partnership due to the payment of Selling Commissions and offering costs.

The redemption price payable in respect of the LP Units redeemed on a Redemption Date is to be satisfied by way of a cash payment not later than thirty (30) days following the Redemption Date.

The foregoing does not apply to LP Units tendered for redemption by a Limited Partner, where:

- (a) the total amount payable by the Partnership in respect of all LP Units validly tendered for redemption on a Redemption Date (including, for greater certainty, LP Units tendered for redemption by the Trust) exceeds one percent (1%) of the Net Asset Value of the Partnership (the “**LP Monthly Limit**”); provided that the General Partner may, in its sole discretion, waive or increase such limitation in respect of all LP Units tendered for redemption in any calendar month;
- (b) in the General Partner’s opinion (in its sole discretion), the Partnership is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in the General Partner’s opinion (in its sole discretion), the Partnership has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Limited Partners or the Partnership, generally.

LP Units to be redeemed on a Redemption Date in which the total amount payable exceeds the LP Monthly Limit are to be redeemed for a combination of cash and an issuance of Redemption Notes. Subject to the order of redemptions described below, the General Partner may, at its sole discretion, issue Redemption Notes on a *pro rata* basis in the amount payable by the Partnership that exceeds the LP Monthly Limit, subject to any applicable regulatory approvals.

If, as a result of any limitations in (b) or (c) above, a Limited Partner is not entitled to receive cash upon the redemption of some or all of the Limited Partner’s LP Units approved for redemption then the redemption price per LP Unit to which the Limited Partner would otherwise be entitled will be paid and satisfied by the issuance of a Redemption Note to such Limited Partner, subject to any applicable approvals.

The General Partner will notify Limited Partners at least fourteen (14) days prior to a Redemption Date if it intends to issue Redemption Notes on such Redemption Date. At any time in the five (5) days following the date of the General Partner’s notice, a Limited Partner may rescind its notice of redemption. If a Limited Partner fails to rescind its notice of redemption, the General Partner shall issue Redemption Notes to such Limited Partner with respect to its *pro rata* portion of the redemption proceeds that are not paid in cash.

The Partnership will redeem the LP Units according to the order in which redemption notices are received by the General Partner. Unless the limitation on redemption of LP Units set out in paragraph (a) above is waived as specified, and provided that paragraphs (b) and (c) above do not apply, LP Units tendered for redemption in any calendar month in which the total amount payable by the Partnership exceeds the LP Monthly Limit provided in paragraph (a) above are to be redeemed for a combination of cash and the issuance of Redemption Notes on a *pro rata* basis, provided however that, if the monthly redemption threshold provided in paragraph (a) above has not been exhausted by redemptions which pre-date the redeeming Limited Partner’s redemption notice then the minimum cash to be distributed to such redeeming Limited Partner is to be not less than one thousand dollars (\$1,000) (unless waived by the General Partner in its sole discretion or the entire redemption price is paid in cash).

Retraction of LP Units by the Partnership

The General Partner may, in its sole discretion, at any time and from time to time, upon giving notice in writing, retract one or more of the then outstanding LP Units in accordance with this provision, as if such LP Units were tendered by the applicable holder for redemption as at the Redemption Date. The redemption provisions summarized under **Item 2.8.2 - Partnership Agreement - Redemption of LP Units** above shall apply *mutatis mutandis* with respect to such retraction pursuant to this provision provided that the redemption price with respect to an LP Unit that is being retracted pursuant to the Partnership Agreement shall not be subject to the Redemption Charge set out in the table under **Item 2.8.2 - Partnership Agreement - Redemption of LP Units**. For greater certainty, notices of retraction may be given to one or more Limited Partners to the exclusion of other Limited Partners.

Notwithstanding the foregoing, in the event that a retraction of outstanding LP Units is initiated by the General Partner in circumstances where the General Partner determines, in its reasonable discretion, that continued undiminished membership of the Limited Partner in the Partnership would: (a) constitute or give rise to a violation of applicable law; or (b) otherwise subject the Partnership, the other Limited Partners or the General Partner to material onerous legal, tax or other regulatory requirements or consequences that cannot reasonably be avoided, then:

- (a) the Redemption Charge to the redemption price set out in the table under **Item 2.8.2 - Partnership Agreement - Redemption of LP Units** shall continue to apply; and
- (b) the Partnership may complete such retraction: (i) notwithstanding any suspension of redemptions; and/or (ii) without regard to the requirement that any postponement of payment of the redemption price or payment of the redemption price through the issuance of Redemption Notes be applied on a *pro rata* basis.

Suspension of Redemption of LP Units

As an extraordinary measure and subject to the unanimous approval of the Independent Directors, the General Partner, on the advice of the Manager, may suspend the redemption of LP Units or postpone the date of payment of redeemed LP Units if the General Partner or the Manager reasonably determine that: (a) the Partnership's assets are invested in such a manner so as to not reasonably permit immediate timely liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by the Partnership of a sufficient part of its investments is not reasonable or practicable, or would be prejudicial to the Limited Partners generally; (c) not suspending redemptions would have an adverse effect on continuing Limited Partners; or (d) it is unable to value the assets of the Partnership. The General Partner may also suspend the redemption of LP Units upon an announcement by the General Partner that the Partnership will be dissolved. For greater certainty, the intention of this provision is not to generally restrict the ability of Limited Partners to redeem LP Units, but rather to permit the General Partner to protect the Partnership and/or the Limited Partners from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

Transfer of the LP Units

A Limited Partner may not assign or otherwise transfer its interest in whole or in part to any person without the prior written consent of the General Partner, which consent the General Partner may unreasonably withhold. Any attempted assignment, transfer, or substitution not made in accordance with the Partnership Agreement shall be null and void. In addition, no assignment or transfer of an interest shall be made unless:

- (a) such assignment or transfer would not violate applicable law;
- (b) such assignment or transfer would not cause the Partnership to lose its status as a limited partnership under the Partnership Act or for income tax purposes;
- (c) the assignee or transferee has not and does not "list or trade on a stock exchange or other public market" within the meaning of the phrase as adopted under section 197 of the Tax Act, any "investments", as defined in section 122.1 of the Tax Act, in the Partnership;
- (d) the assignee or transferee is not a financial institution or specified financial institution (each as defined in the Tax Act, collectively referred to herein as a "**Financial Institution**") if, following such transfer, the Partnership would be a Financial Institution;
- (e) the assignee and any beneficial purchaser for which the assignee is acting is not a person or partnership an interest in which would be, and is not acquiring an interest in the Partnership as, a tax shelter investment (as defined in the Tax Act); and
- (f) the assignee or the transferee is able to make the representations and warranties in the Partnership Agreement, including that: (i) it is not a Non-Resident; (ii) it is not a "non-Canadian" within the meaning of the *Investment Canada Act*; and (iii) an interest in the assignee or the transferee is not a "tax shelter investment" for purposes of the Tax Act.

In connection therewith, the General Partner may require any representations and warranties, documentation or legal opinions, at the expense of the assignor or transferor or the proposed assignee or transferee, that it deems necessary or advisable, acting reasonably, in connection with any assignment or transfer. Each assigning or transferring Limited Partner agrees that it will pay all reasonable expenses, including legal, administrative, accounting and valuation fees and expenses, incurred by the Partnership in connection with an assignment or transfer of an interest by such Limited Partner, except to the extent that the assignee or transferee thereof agrees to bear such expenses.

Fair Market Value

Pursuant to the Partnership Agreement, the “fair market value” of any asset shall be determined by the General Partner on the basis of reasonable valuation methods in accordance with IFRS. All determinations of “fair market value” shall be made taking into account all factors which might reasonably affect the sales price of the asset in question, including without limitation, if and as appropriate, restrictions on transferability, the anticipated impact on current market prices of immediate sale, the lack of a market for such asset and the impact on the present value of such asset of factors such as the length of time before any such sales may become possible and the cost and complexity of any such sales. In determining the value of assets and liabilities, the General Partner may obtain and rely on information provided by any source or sources reasonably believed to be accurate.

The General Partner may, in its discretion, make reasonable adjustments to fair market value and other items set forth above in order to reflect any other matters that the General Partner, in its discretion, considers equitable.

Limitations on Ownership of LP Units

Each Limited Partner will, upon request, promptly provide evidence to the General Partner that it is not a Non-Resident and that an interest in such Limited Partner is not a “tax shelter investment” for the purposes of the Tax Act. Where a Limited Partner fails to comply with such a request or provide such evidence satisfactory to the General Partner, or a Limited Partner notifies the General Partner that it is a Non-Resident or an interest in a Limited Partner is a “tax shelter investment”, the General Partner may require such Limited Partner to sell its entire interest in all LP Units in accordance with the Partnership Agreement. If such Limited Partner does not sell its LP Units as required in accordance with the Partnership Agreement, the Partnership Agreement allows the General Partner to, subject to compliance with applicable securities laws, sell the Limited Partner’s LP Units on behalf of the Limited Partner in such manner as the General Partner shall determine, including by purchasing the LP Units from the Limited Partner at their redemption price. The net proceeds of which shall be the net proceeds after deduction of any commissions, taxes or other costs of sale.

In the event that the General Partner determines that persons that are Financial Institutions hold LP Units which represent more than fifty percent (50%) of the aggregate fair market value of all of the interests of the Partnership, each person that is a Financial Institution shall be deemed, effective immediately prior to the date of contravention, to have ceased to be the holder of that number of LP Units, *pro rata*, as is required so that fair market value of the LP Units held by them represents 49.9% of the aggregate fair market value of all of the interests of the Partnership. Such persons shall not be entitled to any distributions with respect to such LP Units and such LP Units shall be deemed not to be outstanding until acquired by a person who is not a Financial Institution provided that the other holders of LP Units shall not be entitled to any portion of a distribution paid in respect of such LP Units that have been so deemed not to be outstanding.

Pursuant to the Partnership Agreement, all determinations with respect to the foregoing limitations on ownership of LP Units are to be made by the General Partner in its sole discretion and shall be conclusive, final and binding except to the extent modified by any subsequent determination by the General Partner.

Each Limited Partner covenants and agrees to immediately advise the General Partner if it is or becomes a Non-Resident of Canada purposes of the Tax Act, a person an interest in which is a “tax shelter investment” for purposes of the Tax Act or a Financial Institution. A Limited Partner who fails to make such disclosure at the time it acquires an LP Unit, or whose status changes after it has acquired an LP Unit, shall indemnify and hold harmless the Partnership, the General Partner and each other Limited Partner for any costs, damages, liabilities, expenses, taxes or losses suffered or incurred by the Partnership, the General Partner or such other Limited Partner, as the case may be, that result from or arise out of such breach or change of status.

Authority and Liability of the General Partner

Any action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and shall bind the Partnership. No persons dealing with the Partnership will be required to inquire into the authority of the General Partner to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Partnership.

Subject to the terms of the Partnership Agreement and the provisions of the Partnership Act, the General Partner has full unrestricted power and exclusive authority to (a) carry on the activities of the Partnership and to do and to perform any and all things necessary for, incidental to or connected with carrying on the activities of the Partnership; and (b) represent and bind the Partnership.

The Partnership Agreement requires the General Partner to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership and to exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The General Partner may delegate to any person (including the Manager) all those aspects of its powers and authority as it deems appropriate in the circumstances. No such delegation relieves the General Partner of its obligations, responsibilities or liabilities under the Partnership Agreement. The relationship between the General Partner and the Manager is governed by the Management Agreement. Pursuant to the Partnership Agreement, the General Partner may enter into (i) a mortgage administration agreement with the Manager with respect to mortgage administration and origination services; and (ii) a property management agreement with an affiliate of the Manager to provide certain property management services with respect to an Enforcement Properties from time to time, provided that the fee for such property management services (which for greater certainty, excludes any reimbursement of expenses) shall not exceed five percent (5%) of the gross revenue of such Enforcement Properties.

To the fullest extent permitted by law, the Partnership shall indemnify and hold harmless each of the General Partner, the Manager and any of their affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees, and any person who serves at the request of the General Partner or the Manager on behalf of the Partnership as an officer, director, partner, employee or agent of any other entity (each, a “**Partnership Indemnified Party**”) from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Partnership Indemnified Party and arise out of or in connection with the affairs of the Partnership, the performance by such Partnership Indemnified Party of any of the General Partner’s responsibilities in the Partnership Agreement or otherwise in connection with the matters contemplated therein, provided that no such Partnership Indemnified Party shall be so indemnified, with respect to any matter for which indemnification is sought, to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the Partnership Indemnified Party acted in bad faith or engaged in fraud or willful misconduct or breached the standard of care set forth above, or in the case of a criminal matter, engaged in actions that the Partnership Indemnified Party knew to be unlawful.

A Partnership Indemnified Party shall not be denied indemnification in whole or in part under the Partnership Agreement because the Partnership Indemnified Party had an interest in the transaction with respect to which indemnification applies if the transaction was otherwise permitted by the terms of the Partnership Agreement. The satisfaction of any indemnification and holding harmless pursuant to the Partnership Agreement shall be from and limited to the Partnership Property. The General Partner may, in its sole discretion, have the Partnership purchase insurance to insure the Partnership Indemnified Parties. Any person entitled to indemnification from the Partnership hereunder shall obtain the written consent of the General Partner (which consent shall not be unreasonably withheld) prior to entering into any compromise or settlement which would result in an obligation of the Partnership to indemnify such person. For greater certainty, the indemnification provided for in the Partnership Agreement shall not extend to losses which were caused as a result of a Partnership Indemnified Party acting as a lender to the Partnership, economic losses incurred by a Partnership Indemnified Party solely as a result of such Partnership Indemnified Party’s ownership of interests in the Partnership, or expenses of the Partnership that such Partnership Indemnified Party has agreed to bear.

The General Partner shall be subject to all of the liabilities applicable under the Partnership Act; provided, however, that to the fullest extent permitted by law, none of the Partnership Indemnified Parties, shall be liable to the Partnership or to any Partner for any liabilities incurred by such person as a result of any act or omission of the Partnership Indemnified Party, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such liabilities resulted from the Partnership Indemnified Party’s bad faith, fraud, willful misconduct or breached the standard of care set forth in the Partnership Agreement in the performance of his or her duties, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful.

Reimbursement of Costs and Expenses

The General Partner may pay out of the assets and property of the Partnership all expenses relating to the administration, management and operation of the Partnership and the carrying on of its activities.

Where any expenses which are to be paid by the Partnership are paid directly or indirectly by the General Partner, the Manager or their affiliates on behalf of the Partnership (which for greater certainty, includes any expenses allocable to the Partnership), the General Partner, Manager or applicable affiliate shall be entitled to obtain prompt reimbursement therefor from the Partnership upon providing the Partnership with a proper account.

The Partnership is responsible for the costs of the initial organization of the Partnership and the Trust and the offering of LP Units, including, without limitation, fees and expenses of legal counsel and other service providers. Such expenses will be amortized over the first five years of the Partnership’s existence. IFRS does not permit the amortization of such expenses and, as such, such amortization will cause a difference between the Partnership’s published Net Asset Value and net asset value for financial statement reporting purposes.

Authority and Liability of Limited Partners

No Limited Partner, in its capacity as a Limited Partner, shall: (a) take part in the control or management of the business of the Partnership; (b) transact any business on behalf of the Partnership or make any commitment on behalf of or otherwise obligate or bind the Partnership or another Partner; (c) execute any document that binds, or purports to bind, the Partnership or another Partner; (d) hold itself out as having the power or authority to bind the Partnership or another Partner; (e) undertake any obligation or responsibility on behalf of the Partnership; or (f) bring an action for partition or sale in respect of any or all of the assets or property of the Partnership or record or permit any encumbrance in respect of such property.

Subject to the provisions of the Partnership Act or other applicable law, the liability of each Limited Partner for the debts, commitments and obligations of the Partnership is limited to the amount of the Limited Partner's Capital Contribution.

Outside Activities

The General Partner shall, for so long as it is the general partner of the Partnership, maintain as its sole activity the activity of acting as the general partner of the Partnership and undertaking activities that are ancillary or related thereto. The General Partner is not permitted to engage in any business or activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner.

The Limited Partners acknowledge that there are and will continue to be potential or actual conflicts of interest of the Partnership Indemnified Parties (other than the General Partner), with respect to business or other interests held by, and/or contractual arrangements or transactions involving, one or more of the Partnership Indemnified Parties, and the Limited Partners agree that such conflicts of interest of the Partnership Indemnified Parties will not form the basis for any claim against any Partnership Indemnified Party, or for any attempt to challenge or attack the validity of any contract, transaction or arrangement (or renewal, extension or amendments of same).

Each Partnership Indemnified Party (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of the General Partner, the Trust, the Manager or the Partnership; or (b) such businesses and activities directly compete with, or disfavor or exclude, the Trust, the Manager, the Partnership or the General Partner. Such business interests, activities and engagements shall be deemed not to constitute a breach of the Partnership Agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the General Partner or the Partnership (or any of their respective Investors) and shall be deemed not to be a breach of the General Partner's fiduciary duties or any other obligation of any type whatsoever of the General Partner. None of the General Partner, the Trust or the Partnership or any other person shall have any rights by virtue of the Partnership Agreement or the partnership relationship established under the Partnership Agreement or otherwise in any business ventures of a Partnership Indemnified Party.

The General Partner and the Partnership Indemnified Parties (including the Manager) shall have no obligation under the Partnership Agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Trust, the Partnership or the Limited Partners.

The Limited Partners acknowledge and agree that the Manager, in conducting the activities and providing the services contemplated in the Partnership Agreement and in the Management Agreement, may have the incidental effect of providing the Manager with additional information which may be utilized with respect to, or which may augment the value of, business interests and related assets in which the Manager or its affiliates have an interest and, subject to compliance with the Partnership Agreement and the Management Agreement, that neither the Manager nor its affiliates will be liable to account to the Partnership or the Limited Partners with respect to such activities or results.

Transactions with Affiliates

Apart from transactions which are expressly contemplated by the Partnership Agreement, the General Partner, and its respective affiliates and associates shall not engage in any transaction with the Partnership or any Eligible Investment or Enforcement Property unless the terms of the transaction have been unanimously approved by the Independent Directors.

Manager

The Manager shall have the powers and duties as may be expressly contemplated for in the Partnership Agreement as well as in the Management Agreement, which duties shall include providing advice and certain management and administrative services to the Partnership. In consideration for the services provided by the Manager, the Partnership will pay to the Manager a fee or fees as provided for in the Management Agreement. The current Manager of the

Partnership is Caplink Financial Corporation. See **Item 2.8.3 - Management Agreement** and **Item 3.2 - Fees and Expenses**.

Withdrawal or Removal of the General Partner

The General Partner may not be removed until such time as the Partnership has been dissolved. Notwithstanding the foregoing, the General Partner may be removed if:

- (a) the General Partner is in default of its obligations under the Partnership Agreement and such default:
 - (i) has or can reasonably be expected to have a material adverse impact on the Partnership; and
 - (ii) continues for ninety (90) days following the giving to the General Partner of a written notice by a Limited Partner to remedy such default (unless the nature of such default is such that more than ninety (90) days are required for its cure and the General Partner commences to cure such default within such ninety (90) day period and diligently pursues the completion of such curative measures);
- (b) the General Partner is adjudicated in a final, non-appealable judgment by a court of competent jurisdiction as having committed in respect of the Partnership an act involving fraud or wilful misconduct, or in the case of a criminal matter, engaged in actions that the General Partner knew to be unlawful; or
- (c) the General Partner enters into involuntary liquidation or files a petition for protection from creditors.

If any event described above occurs, the Limited Partners may remove the General Partner by: (a) a resolution proposed to be passed as a special resolution at a meeting of holders of LP Units (including an adjourned meeting), voting as a single class, duly convened for that purpose and held in accordance with the provisions of the Partnership Agreement and passed by more than seventy-five percent (75%) of the votes cast on such resolution by holders of LP Units present or represented by proxy at the meeting; or (b) a resolution in writing executed by Limited Partners holding more than seventy-five percent (75%) of the votes attached to outstanding LP Units at any time.

Notwithstanding the foregoing, the resolution to remove the General Partner shall only be effective if it includes provision for the appointment of a substitute general partner of the Partnership to be appointed concurrent with the removal of the General Partner. The Limited Partners must provide the General Partner with written notice stating the effective date of the removal, provided that the removal of the General Partner shall only take effect, notwithstanding the resolution, once the following has occurred:

- (a) the full and unconditional release of the General Partner and its affiliates or associates (as the case may be) is obtained in respect of any mortgage or other indebtedness, liability or obligation of the Partnership to which they are subject, whether as a guarantor, co-covenantor or otherwise;
- (b) the payment of all money owing to the General Partner, the Special Limited Partner and the Manager as of the effective date of the removal; and
- (c) the distribution to the Special Limited Partner of any Special Allocation (including in respect of the final Special Allocation Period).

If the General Partner is removed by way of resolution of the Limited Partners pursuant to the Partnership Agreement, and all of the events set forth above have occurred, then the Special Limited Partner shall withdraw from the Partnership and be paid the applicable redemption price for each LP Unit held by the Special Limited Partner.

Assignment of Interest

The General Partner may not sell, assign, transfer or otherwise dispose of its interest, and the General Partner shall not have the right to resign or withdraw from the Partnership, except upon written notice from the General Partner to the Partnership and with the prior approval of the Limited Partners given by Special Resolution unless such assignment, transfer or disposition is to an affiliate of the General Partner.

Dissolution

The Partnership shall dissolve and its affairs shall be wound up upon the earliest of:

- (a) the date upon which the General Partner resolves to dissolve the Partnership;
- (b) the date of the occurrence of any event that makes it unlawful for the activities of the Partnership to continue to be carried on;

- (c) the date that the General Partner resigns or is removed in accordance with the Partnership Agreement, unless a successor general partner has been appointed by Special Resolution of the Limited Partners within thirty (30) days of the resignation or concurrent with the removal, as applicable, of the outgoing General Partner, with any such appointment being deemed to have occurred on the date of the resignation or removal, as the case may be, of the outgoing General Partner. Subject to the mandatory provisions of the Partnership Act, the Partnership shall not dissolve at any other time or for any other reason whatsoever. The admission, withdrawal, bankruptcy or insolvency of the General Partner or a Limited Partner, or any transfer of LP Units, will not cause a dissolution of the Partnership; or
- (d) the date of completion of the disposition of all Eligible Investments and Enforcement Properties and distribution to the Limited Partners of all net sale proceeds therefrom.

Meetings

The General Partner may at any time and from time to time call a meeting of the Partners for the purpose of considering any business set out in a meeting notice. There is no requirement or obligation to hold annual meetings of Limited Partners. Upon receipt of a request for a meeting of the Partners, the General Partner shall call such meeting, providing the meeting request: (a) is made by Limited Partners holding in the aggregate not less than twenty percent (20%) of the issued and outstanding LP Units; and (b) contains sufficient detail of the business to be considered at the meeting to permit the General Partner to distribute a meeting notice.

Determination and Allocation of Net Income or Net Loss

Except as may be otherwise required for purposes of the Partnership Agreement, the net income or net loss of the Partnership for any fiscal year will be calculated for tax purposes in accordance with the Tax Act, consistently applied. Net income or net loss of the Partnership will be calculated annually as at the end of the fiscal year of the Partnership. Subject to the terms of the Partnership Agreement, the net income or net loss of the Partnership for each fiscal year shall be allocated among the Partners by the General Partner in a manner consistent with the distribution provisions set out in the Partnership Agreement, provided, however, where a Limited Partner redeems LP Units during a fiscal year but is not redeeming all LP Units held by it during a fiscal year, the net income or net loss of the Partnership allocable to the LP Units of the Limited Partner so redeemed shall be determined by the General Partner in its sole discretion, reasonably exercised. In so allocating the net income or net loss, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Partners (including the General Partner) with a view to ensuring that, over the term of the Partnership, each Partner is allocated a portion of the Partnership's net income that substantially corresponds to the distributions received by such Partner.

Accounting and Reporting

The General Partner shall keep and maintain full, complete and accurate books of account and records of the Partnership with respect to the Partnership's activities and financial affairs at the principal address of the Partnership. Such books of account and records shall be retained by the General Partner for a minimum period of seven years or longer if required by applicable law and shall be made available for review by Limited Partners upon request.

A Limited Partner, however, will not have access to any information of the Partnership contained in its books of account and records which, in the opinion of the General Partner, should be kept confidential in the interests of the Partnership, and each Limited Partner waives any right, statutory or otherwise, to greater access to the books of account and records of the Partnership than is permitted in the Partnership Agreement, to the greatest extent permitted by law.

Within one hundred and twenty (120) days after the end of each fiscal year, the General Partner shall make available to each person who is a Limited Partner audited financial statements of the Partnership, as of the end of such fiscal year, prepared in accordance with IFRS.

Tax Reporting

The General Partner shall send, in a timely manner, to each person who was a Limited Partner at any time during a fiscal year, such information and documents as are reasonably necessary for such person to make appropriate tax filings with respect to that fiscal year (provided however that the Partnership shall not be required to re-compute its Canadian tax results (as defined in the Tax Act) in the functional currency of any particular Limited Partner that has made a functional currency election under the Tax Act). The General Partner shall file, on behalf of itself and the Limited Partners, annual Partnership information returns and declarations and any other information required to be filed under the Tax Act and any other applicable tax legislation in respect of Partnership matters.

Power of Attorney

Pursuant to the Partnership Agreement, each Limited Partner irrevocably nominates and appoints the General Partner and any person appointed to replace the General Partner, in accordance with the Partnership Agreement, as its true and lawful attorney on its behalf with full power and authority in such Limited Partner's name to execute, acknowledge, deliver, record and file, as and where required or appropriate, certain necessary instruments or documents.

The foregoing power of attorney is a power coupled with an interest and will survive the death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or the transfer of all or any portion of such Limited Partner's interest and extend to the heirs, executors, administrators, successors and assigns of the Limited Partner and may be exercised by the General Partner on behalf of each Limited Partner by listing or referring to all the Limited Partners and executing any instrument with a single signature as an attorney and agent for all of them.

Amendments to the Partnership Agreement

The Partnership Agreement may be amended in writing by the General Partner with the consent of the Limited Partners given by Special Resolution, provided that any amendment which materially and adversely affects the rights, liabilities or obligations of a Limited Partner holding LP Units of a series of LP Units that is affected in a manner or extent substantially differing from that in or to which it affects the rights of the Limited Partners holding any other series of LP Units shall have been approved by such Limited Partners in accordance with the Partnership Agreement.

The General Partner may also amend the Partnership Agreement without prior notice to or consent from any Limited Partner:

- (a) for the purpose of ensuring or facilitating compliance, by the Partnership and/or any Limited Partner, with applicable laws, regulations, requirements or policies of any governing authority having jurisdiction over the Partnership;
- (b) to provide additional protection or added benefits, in the reasonable opinion of the General Partners, for the Limited Partners (including a change in the governing law of the Partnership);
- (c) for the purpose of creating new classes/series of LP Units and other securities of the Partnership from time to time in accordance with the provisions of this Agreement;
- (d) to cure any ambiguity or to correct or supplement any provisions which, in the reasonable opinion of the General Partner, are defective or inconsistent with any other provision of the Partnership Agreement, provided that, in the reasonable opinion of the General Partner, the cure, correction or supplemental provision does not and will not materially adversely affect the interests of any Limited Partner;
- (e) in response to changes to accounting standards from time to time provided that the General Partner has reasonably determined that such changes will not adversely affect the interests of any Limited Partner; or
- (f) making additions, deletions, amendments, modifications, variations or changes in any other manner provided the amendment does not materially adversely affect (and is not likely to materially adversely affect in the future) the pecuniary interests of any Limited Partner.

For greater certainty, each amendment requires the written approval of the General Partner.

Fiscal Year-End

The fiscal year of the Partnership shall end on the 31st day of December of each calendar year or such other date as the General Partner may determine from time to time, provided that the General Partner has obtained any necessary consents from applicable taxation authorities.

2.8.3 Management Agreement

The Manager, the Trust and the Partnership have entered into the Management Agreement, pursuant to which the Partnership and the Trust have engaged the Manager to provide or arrange for the provision of certain management and administration services to the Trust and the Partnership.

The following is a summary only of certain terms in the Management Agreement which, together with other summaries of additional terms of the Management Agreement appearing elsewhere in this Offering

Memorandum, are qualified in their entirety by reference to the actual text of the Management Agreement, a review of which is recommended to purchasers.

Services Rendered

Without limiting the generality of the Management Agreement, the Manager will provide the following management services to the Fund, subject to the overriding supervision and direction of the board of directors of the General Partner and the board of Trustees, as applicable:

- (a) establishing the strategic direction of the Fund;
- (b) designing the investment program of the Partnership, determining the investment objectives, investment restrictions and/or investment policies of the Partnership and establishing a lending committee and determining the policies and duties of such lending committee from time to time;
- (c) monitoring expenses of the Fund and monitoring and determining the enforcement of agreements entered into by the Fund;
- (d) overseeing the identification and evaluation (including conducting any due diligence required) and determining the acquisitions or dispositions by the Partnership of any Eligible Investment from time to time;
- (e) undertaking and performing and facilitating and coordinating the performance of all acts, duties and responsibilities with respect to the acquisition and disposition of any Eligible Investment;
- (f) establishing appropriate legal and accounting systems for the proper control of the Partnership and the Eligible Investments and Enforcement Properties of the Partnership;
- (g) subject to the investment objectives and investment restrictions of the Partnership, granting security interests in and otherwise encumber the assets of the Fund and execute all documents and agreements in connection therewith for the Fund;
- (h) providing supervision of property management, mortgage administration, financial and business planning services for the Fund, including overseeing the Eligible Investments and operations of the Enforcement Properties;
- (i) overseeing the execution of any business plans established for the Enforcement Properties and ensuring that such plans remain appropriate for the Enforcement Properties from time to time;
- (j) maintaining ongoing liaison with lenders and using commercially reasonable efforts to arrange for the Trust or the Partnership to borrow funds or enter into credit facilities, including any amendment or extension thereof (including financing of any mortgage loans or a refinancing of any mortgage loans and any subsequent refinancing);
- (k) conducting ongoing analysis of market conditions to monitor the Partnership's Eligible Investments;
- (l) performing all acts in connection with, or for the purpose of completing, any offering from time to time, including:
 - (i) determining the timing and terms of such Offerings;
 - (ii) preparing the Offering Memorandum (and any amendments thereto) and OM marketing materials;
 - (iii) preparing all agreements relating to the acquisitions of, or other investments in, the assets and other properties that will comprise the assets of the Trust and the Partnership Property, and all instruments, contracts and other documents requiring execution by the Fund Entities in connection with any Offering; and
 - (iv) preparing such other contracts, documents, instruments and agreements as may be necessary or desirable in connection with any Offering;
- (m) undertaking and performing all other acts, duties and responsibilities with respect to the raising of funds by the Fund by way of the issuance of units of the Fund by the Fund to investors, including approving, executing and delivering an offering memorandum in respect thereof and providing communications in connection therewith;

- (n) appointing registered dealers to distribute units of the Fund, causing such units to be distributed and providing marketing advice and assistance to registered dealers in connection with the distribution and sale of units of the Fund;
- (o) preparing and causing to be provided to unitholders on a timely basis all information to which unitholders are entitled under the Declaration of Trust, the Partnership Agreement and under applicable laws, including notices, financial statements and tax information relating to the Fund and, if applicable, file such information with the applicable governing authorities;
- (p) preparing, or causing to be prepared, the financial statements of the Fund, as well as relevant tax information, which are to be provided to unitholders or to be included in any offering document;
- (q) computing, determining, declaring and directing distributions (if any) to unitholders and, in connection therewith, withholding (or advising the Trustees and the General Partner to withhold) all amounts required by applicable tax law, and making all such remittances and filings (or advising the Trustees and the General Partner to make all such remittances and filings) in connection with such withholdings;
- (r) determining any amounts requiring determination pursuant to the terms of the Declaration of Trust and the Partnership Agreement;
- (s) ensuring compliance by the Fund with all applicable laws, including without limitation, securities legislation and related regulation (which includes all of the Fund's continuous disclosure obligations, if any);
- (t) providing investor relations services to the Fund;
- (u) arranging for and holding any meetings of unitholders as may be called pursuant to the Declaration of Trust and the Partnership Agreement and preparing, approving and arranging for the distribution of all such materials (including notices of meetings, instruments of proxy and information circulars) in respect thereof;
- (v) exercising any voting rights to which the Partnership is entitled in respect of its Eligible Investments;
- (w) attending to all administrative and other matters arising in connection with any subscriptions of units of the Trust and the Partnership and any redemptions of units of the Trust and the Partnership;
- (x) monitoring the Trust's status as a "mutual fund trust" and a "unit trust", within the meaning of the Tax Act, and providing the Trustees with written notice when the Trust ceases or is at risk of ceasing to be a "mutual fund" trust or a "unit trust";
- (y) monitoring the Trust's compliance with subsection 132(7) of the Tax Act and monitoring and enforcing the non-resident restrictions and other ownership restrictions contained in the Declaration of Trust and the Partnership Agreement;
- (z) undertaking, performing and providing, for and on behalf of the Fund, all acts, duties and responsibilities as the Manager considers, in its discretion, necessary or desirable in connection with, or for completion of, any offering of securities of the Fund;
- (aa) establishing, implementing and amending (when and as required, once established) any distribution reinvestment plans, unit purchase plans, and incentive option and other compensation plans as may be determined to be desirable for the Fund to establish, and attending to all matters in connection with the operation of such plans;
- (bb) attending to all matters in connection with the administration or operation of any unitholder rights plan, distribution reinvestment plans, unit purchase plans, incentive option and other compensation plans as may be established by the Fund from time to time;
- (cc) exercising, in respect of all matters properly construed as having been delegated to the Manager, the discretion which the Trustees and the General Partner are otherwise permitted to exercise under the Declaration of Trust and the Partnership Agreement, respectively, in respect to such matters;
- (dd) entering into insurance policies with respect to the Fund's assets, together with other insurance against other risks, including directors and officers insurance, as the General Partner or Trustees, as applicable, may from time to time agree;

- (ee) engaging (including negotiating contracts with) and overseeing third-party providers of services to the Fund (including investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents, property managers, mortgage brokers to originate, service and administer the Partnership's Eligible Investments, or otherwise) in connection with provision of the services;
- (ff) executing any and all other deeds, documents and instruments and doing all acts as may be necessary or desirable to carry out the intent and purpose of the Management Agreement; and
- (gg) providing such other services to the Fund as may be agreed from time to time by the Manager and the Fund from time to time.

Supervision of Property Management and Mortgage Administration

In addition to the foregoing services, during the term of the Management Agreement, the Manager will take all steps necessary to:

- (a) monitor and supervise the servicing and administration of the portfolio of Eligible Investments by mortgage administrators appointed by it for that purpose, including:
 - (i) reviewing reports on Eligible Investments prepared by the mortgage administrator, including regarding loan delinquency and aging;
 - (ii) overseeing any enforcement actions required in respect of the portfolio of Eligible Investments; and
 - (iii) reviewing loan security values; and
- (b) monitor and supervise the management of the Enforcement Properties by the property manager or managers appointed by it for that purpose, including:
 - (i) verifying proper maintenance of such Enforcement Properties through ongoing site inspections and meetings with the property managers;
 - (ii) reviewing the annual budget and monthly financial performance with respect to that budget; and
 - (iii) reviewing the need for any capital repairs on an ongoing basis.

Fees and Expenses

The Partnership will pay the Manager the Management Fee.

Fees in respect of any additional series of units of the Fund created from time to time shall be agreed to by the parties at such time and set forth in an offering document in respect of such series or an amendment to the Management Agreement. Such fees shall be calculated and paid in the manner specified in such offering document. The Partnership shall not revise the terms of an offering document relating to such fees without obtaining the prior written consent of the Manager.

To the extent that the Manager or its affiliates perform(s) any real estate agent, leasing, exempt market dealer, project management, mortgage origination and enforcement, construction general contractor or property management services that would not typically fall under services described above, it may earn additional fees at market rates for such services provided.

The Manager may assign all or some of its fees with any other person in its sole discretion.

The Manager may, from time to time, waive or defer the obligation of the Partnership to pay all or any portion of the Management Fee, provided that any such deferral shall accrue without interest until paid.

Each of the Trust and the Partnership is responsible for all expenses relating to the administration, management and operation of the Trust and the Partnership, respectively, including, without limitation, the expenses set out in the Declaration of Trust and the Partnership Agreement, respectively.

The Manager may from time to time during the term of the Management Agreement incur certain costs for and on behalf of the Fund in the performance of its duties under the Management Agreement. In any such event, the Fund shall

reimburse the Manager immediately upon the request of the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations under the Management Agreement.

Delegation

The Manager may delegate specific aspects of its obligations under the Management Agreement to any other person, provided that such delegation shall not relieve the Manager of any of its obligations under the Management Agreement and provided that the Manager shall not delegate any of its obligations under the Management Agreement to any person not affiliated with the Manager to manage and administer the affairs of the Fund, unless the Manager shall have notified the Fund of the name of the person or persons to whom such delegation is to be made and the terms and conditions thereof. The Manager shall not, in any manner, directly or indirectly, be liable or held to account for the activity or inactivity of any person, other than an affiliate of the Manager, to whom any such obligations may be delegated. Any such delegation shall not impact the Management Fee to which the Manager is entitled to under the Management Agreement. The cost of any delegated services shall be borne by the Manager.

Indemnification and Liability of the Manager

The Manager, in carrying out its duties and responsibilities pursuant to the Management Agreement, agrees to exercise its powers and discharge the duties of its office honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to devote such time and attention and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The indemnification and limitation of liability provisions set forth in the Declaration of Trust and the Partnership Agreement shall enure to the benefit of the Manager and any of its affiliates, and their respective partners, officers, directors, trustees, shareholders, agents and employees (each a "**Manager Indemnified Party**" and for whom the Manager holds such rights in trust), who will each be entitled to rely upon such provisions as fully as though it were a party to the Declaration of Trust and/or the Partnership Agreement, as applicable, and each will have standing, in its sole discretion and in its own name, to require the parties to each such agreement, as applicable, to perform their obligations and responsibilities under such provisions, and to assert and protect its rights thereunder, as against such parties directly, including but not limited to initiating and pursuing legal proceedings, and the Manager shall hold the benefit of such provisions in trust for the benefit of each Manager Indemnified Party.

The Manager may rely and act upon any statement, report or opinion prepared by, or any advice received from, the auditor, solicitors, notaries or other professional advisors of the Trust and the Partnership, and is not responsible for any claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by a Manager Indemnified Party resulting from relying or acting on such statement, report, opinion or advice if such statement, report, opinion or advice was within the area of professional competence of the person from whom it was received, and the Manager, in relying on it, acted reasonably and in accordance with the Manager's standard of care.

Other Activities of Manager

Neither the Manager nor any affiliate nor any director, officer, member, partner, shareholder or employee of either will be prohibited from engaging in other business activities, or providing services to, any third parties, including third parties that compete directly or indirectly with the Fund.

Term and Termination

The Management Agreement shall commence on the date of execution of the Management Agreement and shall terminate on the termination of the Trust and the Partnership in accordance with the terms of the Declaration of Trust and the Partnership Agreement, unless terminated earlier in accordance with the following provisions.

Any of the Fund Entities may terminate the Management Agreement (but only with respect to such Fund Entity) at any time upon the occurrence and during the continuation of any of the following events:

- (a) effective upon ninety (90) days' prior written notice to the Manager;
- (b) the commission by the Manager of any act constituting fraud, wilful misconduct, gross negligence or a wilful and material violation of applicable laws;
- (c) a material breach by the Manager of its duties and responsibilities under the Management Agreement, which breach is not cured within sixty (60) days of the receipt from any of the Fund Entities of written notice of such breach by the Manager; or

- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the Manager.

The Manager may terminate the Management Agreement at any time upon the occurrence and during the continuation of any of the following events:

- (a) effective upon ninety (90) days' prior written notice to any of the Fund Entities;
- (b) the commission by the Fund Entities of any act constituting fraud, wilful misconduct, gross negligence or a wilful and material violation of applicable laws;
- (c) upon a material breach by the Fund Entities of its duties and responsibilities under the Management Agreement, which breach is not cured within sixty (60) days of the receipt from the Manager of written notice of such breach by the Fund Entities, as applicable; or
- (d) the dissolution, liquidation, bankruptcy, insolvency or winding-up of the Trust or the Partnership.

Upon the termination of the Management Agreement, the Manager shall do all things and take all steps necessary or advisable to transfer management of the activities of the Fund and the books, records and accounts of each Fund Entity to the applicable Fund Entity, or such other person as the Trustees or the General Partner may designate, and shall execute and deliver all documents and instruments necessary or advisable to effect such transfers. Further, the Fund will continue to be responsible for the payment to the Manager of, and upon the Manager's demand therefor will pay to the Manager, any and all fees payable under the Management Agreement and all expenses incurred and paid by the Manager during the term in accordance with the provisions of the Management Agreement.

Effective upon termination of the Management Agreement, the Fund will, and will cause each of their respective affiliates, subsidiaries and associates (other than the Manager) to:

- (a) immediately cease using "Caplink" and all related names and logos or any variation of any of them, or anything which in the opinion of the Manager, acting reasonably, is substantially or confusingly similar to such names or logos;
- (b) immediately cease using or displaying, in any signage or any other manner whatsoever, any trademarks, service marks, trade names, business names, domain names, logos or other indicia of origin used or held by Caplink Financial Corporation or its affiliates;
- (c) amend the Partnership Agreement and the Declaration of Trust to change the names of the entities comprising the Fund to names which do not include the name "Caplink", or any name similar thereto; and
- (d) execute and deliver all instruments necessary to evidence each change of name in each public registry, if any, where the names of the entities comprising the Fund shall have been registered and to disclaim any right, title or interest in or to names including "Caplink", or any name similar thereto.

Upon termination of the Management Agreement, all rights, title and interest in the internet, e-mail, social media identities or other electronic addresses or sites then used by the Fund which refer in any way to the Fund or use any form of the names "Caplink" shall be assigned and conveyed to the Manager.

2.8.4 Mortgage Administration Agreement

The Partnership and the Manager have entered into the Mortgage Administration Agreement, pursuant to which the Partnership has engaged the Manager to provide or arrange for the provision of servicing of certain Eligible Investments held by the Partnership.

The following is a summary only of certain terms in the Mortgage Administration Agreement which, together with other summaries of additional terms of the Mortgage Administration Agreement appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of the Mortgage Administration Agreement, a review of which is recommended to prospective Investors.

The Manager is entitled to charge and retain the Lending Fees which are paid by the borrower, to the extent such fees are expressly provided for in the terms and conditions of the subject mortgage. **Item 3.2.3 - Lending Fee.**

The Partnership will pay to the Manager the Mortgage Administration Fee. See **Item 3.2.2 - Expenses.**

The Manager is required to exercise its powers and discharge its duties honestly and in good faith with a view to the best interests of the Partnership and in connection therewith shall exercise the degree of care, diligence and skill that

a reasonably prudent person would exercise in comparable circumstances. Further, the Manager is required to: (i) use commercially reasonable efforts to collect all payments called for under the terms and provisions of each mortgage comprising the Partnership's Eligible Investments; and (ii) service the Partnership's Eligible Investments and act in the same manner in which, and with the same care, skill, prudence and diligence with which it services and administers similar mortgage loans for other persons giving due consideration to customary and usual standards of practice of prudent loan services of similar mortgage loans.

The Partnership may terminate the Manager, in its capacity as mortgage administrator, upon written notice to the Manager if: (i) the Manager is in breach or default of any material provision of the Mortgage Administration Agreement and the breach or default has not been cured within sixty (60) days of written notice of such breach or default given by the Partnership to the Manager; (ii) the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager; or (iii) the Manager no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations under the Mortgage Administration Agreement and is unable to obtain them within a reasonable period after their loss.

Either the Partnership or the Manager may terminate the Mortgage Administration Agreement upon ninety (90) days' written notice to the party. The Manager may resign upon written notice to the Partnership, if the Partnership is in breach or default of any material provision of the Mortgage Administration Agreement and the breach or default has not been cured within sixty (60) days of written notice of such breach or default given by the Manager to the Partners.

The Partnership and the General Partner and each of its officers, directors, employees and agents are indemnified by the Manager from and against all liabilities, costs, expenses and similar incurred by the Partnership and the General Partner and any of its officers, directors, employees and agents arising from or relating to a breach of any term, covenant or condition of the Mortgage Administration Agreement.

The Manager, in its capacity as mortgage administrator, and each of its officers, directors, employees and agents are indemnified by the Partnership from and against all liabilities, costs, expenses and similar: (i) incurred by the Manager and any of its officers, directors, employees and agents arising from or relating to a breach of any term, covenant or condition of the Mortgage Administration Agreement; or (ii) advanced by third parties against the Manager and any of its officers, directors, employees and agents in connection with any action taken by the Manager in connection with the Mortgage Administration Agreement except to the extent that such acts or omissions are a breach of the Manager's obligations pursuant to this Mortgage Administration Agreement.

The Manager, in its capacity as mortgage administrator, may rely and act upon any statement, report or opinion prepared by, or any advice received from, the auditor, solicitors, notaries or other professional advisors of the Partnership, and is not responsible for any claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by the Manager, in its capacity as mortgage administrator, or any of its officers, directors, employees and agents resulting from relying or acting on such statement, report, opinion or advice if such statement, report, opinion or advice was within the area of professional competence of the person from whom it was received, and such party, in relying on it, acted reasonably and in accordance with the Manager's standard of care, in its capacity as mortgage administrator.

The services provided by the Manager under the Mortgage Administration Agreement are not exclusive to the Partnership and nothing in the Mortgage Administration Agreement prevents the Manager from providing similar services to other third parties or from engaging in other activities. The Manager and its directors, officers and their respective affiliates may, from time to time, engage in other business activities, including business activities which may compete directly or indirectly with the Partnership.

The Partnership and/or the Mortgage Entities intend(s) to enter into mortgage administration agreements with other Affiliated MLOs on similar substantive terms (including the payment of fees).

2.8.5 Reimbursement Agreement

As the Trust is intended to be a vehicle to obtain financing for the Partnership from time to time as may be required by the Partnership to enable it to invest in its business, the Partnership has entered into the Reimbursement Agreement with the Trust and the Manager.

Under the terms of the Reimbursement Agreement, the Partnership has agreed to reimburse the Trust and the Manager for, or pay directly, all costs and expenses to be incurred by them, for and on behalf of the Partnership, in connection with the Trust and the Manager obtaining financing for the Partnership, including: (a) maintaining the Trust's and the Manager's existence which includes, but is not limited to, the Trust's obligations to unitholders under the Declaration of Trust, all accounting and legal costs and all costs of compliance with applicable laws (including the Tax Act); and (b) administration of any unitholder rights plans, distribution reinvestment plans and unit purchase plans.

2.8.6 Distribution Reinvestment Plan (DRIP)

The Trust has adopted the DRIP, which will allow eligible holders of Trust Units to elect to have their cash distributions (if any) reinvested in additional Trust Units of the same series, such that such electing Trust Unitholder will receive one hundred percent (100%) of their distribution amount in additional Trust Units through the DRIP.

Trust Unitholders may freely move into and out of the DRIP on a quarterly basis by notifying the Manager at least fifteen (15) business days prior to the end of each quarter.

The purchase price of the Trust Units purchased under the DRIP shall be determined by the Manager in its sole discretion from time to time, provided that unless otherwise determined by the Manager, the issuance price for Trust Units that are being distributed by the Trust at such time will be the then issue price of the applicable series of Trust Units.

All holders of Series A Units, Series C Units and Series F Units resident in Canada are eligible to participate in the DRIP. Trust Unitholders who do not enroll in the DRIP will receive their regular cash distributions. The Trust reserves the right to limit the amount of new Trust Units of any series available under the DRIP on any particular distribution payment date. Accordingly, participation may be prorated in certain circumstances. In the event of proration, or if for any other reason all or a portion of the distributions cannot be reinvested under the DRIP, holders of Trust Units enrolled in the DRIP will receive the portion of their distribution that cannot be reinvested as regular cash distributions.

All Trust Units acquired under the DRIP on the reinvestment of cash distributions will be issued from treasury of the Trust on the applicable distribution payment date. Participation in the DRIP does not relieve Trust Unitholders of any liability for any income or other taxes that may be payable on or in respect of the distributions that are reinvested for their account under the DRIP. An account will be maintained by the Manager, or such other party as may be appointed by the Trust as plan agent, on behalf of the Trust, for each participant (other than CDS Clearing and Depository Services Inc.) with respect to purchases of Series A Units, Series B Units and Series F Units made under the DRIP for the participant's account.

The Manager, or such other party as may be appointed by the Trust as plan agent, will send or otherwise make available to each participant (other than CDS Clearing and Depository Services Inc.) an annual unaudited statement regarding cash distributions credited and reinvested for the participant's account under the DRIP during the period. These statements are a participant's continuing record of purchases of Trust Units made for their account and should be retained for income tax purposes. Beneficial owners who participate in the DRIP indirectly through a broker, investment dealer, financial institution or other nominee will not receive such statements and should consult such nominee to confirm what statements or reports (if any) will be provided by the nominee, whether for tax reporting or otherwise.

ITEM 3 - COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

The following table sets out information regarding each Trustee, each director and officer of the Manager and the General Partner, and the promoter of the Trust.

Full Legal Name and Place of Residence or Jurisdiction of Organization	Position(s) Held and the Date of Obtaining that Position(s) or Relationship to Issuer	Compensation Paid by the Trust/Partnership or Related Party in the Most Recently Completed Financial Year and the Compensation Expected to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held After Completion of the Offering
Brian Roderic Menges Edmonton, Alberta	President and director of the General Partner since November 4, 2022	See Note 1, 2 and 4	384,821.48 Series F Units, 0.91%
	President and director (since October 1, 2015) and Secretary and Treasurer (since March 18, 2020) of the Manager		See Note 2
	Trustee of the Trust since November 9, 2022		

Full Legal Name and Place of Residence or Jurisdiction of Organization	Position(s) Held and the Date of Obtaining that Position(s) or Relationship to Issuer	Compensation Paid by the Trust/Partnership or Related Party in the Most Recently Completed Financial Year and the Compensation Expected to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held After Completion of the Offering
Colin Hu Edmonton, Alberta	Treasurer of the General Partner since November 4, 2022	See Note 1	Nil
Karen Gail Riva Calgary, Alberta	Chief Financial Officer of the Manager since December 10, 2021 Secretary of the General Partner since November 4, 2022	See Note 1	Nil
Theodore (Ted) Douglas Bossé Edmonton, Alberta	Chief Compliance Officer of the Manager since December 10, 2021 Director of the General Partner since March 7, 2023	See Note 3	301,135.29 Series F Units, 0.71%
Deanna Marie Muise Edmonton, Alberta	Trustee of the Trust since March 7, 2023 Director of the General Partner since March 7, 2023	See Note 3	Nil
Georgina Marian McDougall Villeneuve Edmonton, Alberta	Trustee of the Trust since March 7, 2023 Director of the General Partner since March 7, 2023	See Note 3	Nil
Caplink Financial Corporation	Trustee of the Trust since March 7, 2023 Promoter of the Fund Manager of the Trust and the Partnership since November 9, 2022	See Note 4	See Note 2 and 4

Notes:

- (1) Brian Menges, Colin Hu and Karen Riva are not compensated directly by the Trust, the General Partner or the Partnership. They are compensated by the Manager which receives the Management Fee from the Partnership, in its capacity as manager of the Trust and the Partnership. Brian Menges, Colin Hu and Karen Riva are also compensated by the Manager, in its capacity as mortgage broker, which may earn compensation from the Partnership and other third parties in connection with providing services to the Partnership. See **Item 3.2 - Fees and Expenses**.
- (2) Brian Menges and his spouse indirectly hold one hundred percent (100%) of the shares of the Manager which in turn holds one hundred percent (100%) of the shares of the Special Limited Partner and the General Partner which in turn hold 10,000 Series M LP Units and a general partner interest in the Partnership, respectively. Consequently, Brian Menges will receive income directly or indirectly from his beneficial ownership of the Special Limited Partner, which receives the Special Allocation from the Partnership, in its capacity as special limited partner of the Partnership. See **Item 2.1.1 - Organizational Chart**, **Item 3.2 - Fees and Expenses** and **Item 5.1.2 - Distributions - Partnership Distributions**.
- (3) Theodore (Ted) D. Bossé, Deanna Muise and Georgina Villeneuve are the Independent Trustees and Independent Directors and such individuals are entitled to compensation of \$4,000 per annum to attend regularly scheduled meetings plus additional meetings, if and when required in their capacity as Independent Trustees and Directors. The Independent Board was appointed on March 7, 2023.
- (4) The Manager will receive the Management Fee from the Partnership. See **Item 3.2 - Fees and Expenses**.

3.2 Fees and Expenses

3.2.1 Fees

Management Fee

For providing management services related to the Trust and the Partnership, the Partnership will pay a monthly fee to the Manager in an amount equal to one twelfth ($\frac{1}{12}$ th) of one percent (1%) of the Gross Asset Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.

The Management Fee may vary for other series of Trust Units and LP Units and is treated as an expense attributed to a particular series of LP Units.

See **Item 2.8.3 - Management Agreement**.

Mortgage Administration Fee

For providing mortgage administration services related to the Trust and the Partnership, the Partnership will pay to the Affiliated MLOs a monthly fee in an amount equal to one twelfth ($\frac{1}{12}$ th) of one quarter of one percent (0.25%) of the Mortgage Administration Value attributed to the outstanding Series A LP Units, Series C LP Units and Series F LP Units (including for greater certainty, the LP Units purchased by the Trust), as at the last date of the preceding month, calculated and payable in advance at the beginning of each month.

See **Item 2.8.4 - Mortgage Administration Agreement**.

Special Allocation

Pursuant to the Partnership Agreement, the Special Limited Partner will be entitled to receive the Special Allocation. See **Item 5.1.2 - Distributions - Partnership Distributions**.

3.2.2 Expenses

The Trust and the Partnership will pay for all expenses relating to the administration, management and operation of the Trust and the Partnership, including all general and administrative expenses, marketing and operating expenses, fund management software expenses, insurance costs, expenses related to the acquisition and disposition of Eligible Investments, costs associated with the licensing and registration of Mortgage Entities (if any), legal, banking, audit and accounting fees, investor reporting and meeting costs, printing and mailing costs and costs incurred in connection with any governmental or regulatory filing requirements.

The Manager may from time to time during the term of the Management Agreement incur certain costs for and on behalf of the Fund in the performance of its duties under the Management Agreement. In any such event, the Fund shall reimburse the Manager immediately upon the request of the Manager for all costs and expenses incurred by the Manager in the performance of its duties and obligations under the Management Agreement.

In addition, to the extent that the Manager or its affiliates performs any real estate agent, leasing, exempt market dealer, project management, mortgage origination and enforcement, construction general contractor or property management services, in addition to the services described in the Management Agreement, it may earn additional fees at market rates for such services provided. See **Item 2.8.3 - Management Agreement - Fees and Expenses**.

As the Trust is intended to be a vehicle to obtain financing for the Partnership from time to time, as may be required by the Partnership to enable it to invest in its business, the Partnership has entered into the Reimbursement Agreement with the Trust and the Manager whereby the Partnership will pay for all ongoing expenses associated with the operation of the Fund, other than Selling Commissions and offering costs. See **Item 1.1 – Available Funds** for estimated offering costs.

3.2.3 Lending Fee

The Manager, a mortgage broker, and the U.S. MLO, a mortgage banker, will originate and administer the Eligible Investments in which the Partnership is expected to invest. For services related to the Eligible Investments, the Manager or the U.S. MLO will receive a commitment fee or lending fee (referred to herein as the “**Lending Fee**”) referenced to the principal amount of the loan to be paid directly by the borrower (with the Fund acknowledging that it has no right or interest in this fee). For greater certainty, the Lending Fee shall be net of any fees for commissions that are payable by the Manager or U.S. MLO to individual or third-party brokers in connection with the applicable Eligible Investment.

The Lending Fee paid by the borrower may be: (a) deducted from the initial mortgage advance; (b) paid by a spread between the face interest rate of the mortgage and the net interest rate paid to the Fund (i.e. interest rate spread); or (c) a combination of (a) and (b).

The Manager and the U.S. MLO are entitled to retain all of the work-related fees, such as lender, broker, origination, commitment, renewal, extension, document preparation, late payment, pre-payment, discharge, participation, non-sufficient funds (NSF) and administration fees, and any similar fees, that may be charged to the borrowers of the mortgages that the Manager or the U.S. MLO originate and/or administer on behalf of the Fund.

Borrowers will be charged fees for services generally provided by a real estate agent, mortgage broker or underwriter where the Manager directly provides such services. Such fees include, but are not limited to underwriting fees, real estate disposition fees, mortgage brokerage fees, mortgage banker fees and property lease fees.

The Manager will be responsible for the payment of compensation to third parties that originate and administer Eligible Investments for the Fund.

The Fund may rely on the Affiliated MLOs and third-party mortgage brokers to originate and administer Eligible Investments for the Fund.

3.3 Management Experience

The principal occupation and business background of each Trustee and each director and officer of the Manager and the General Partner is as follows:

<u>Full Legal Name</u>	<u>Principal Occupation and Description of Experience Associated with the Occupation</u>
Brian Roderic Menges, MBA, CEO, UDP Caplink Financial Corporation	Trustee of the Trust, Director, President of the General Partner and President, Secretary and Treasurer of the Manager – Brian has a Bachelor of Business Administration (Finance), National University, San Diego, a Bachelor of Arts (Economics), University of Alberta and a Masters of Business Administration, University of Alberta. He also holds numerous mortgage banking licenses in Canada and the United States. Since 1991, he has worked in residential and commercial mortgage finance, real estate equity finance, property management, investment fund management, investor relations, and securities compliance. He is co-founder and CEO of the Alberta based mortgage brokerage and securities firm Caplink Financial Corporation, which specializes in real estate debt and equity finance. He is CEO of Caplink Mortgage Corporation, a U.S. mortgage banking firm, and is past president of mortgage investment corporations Cedar II Mortgage Corporation and Caplink Mortgage Investors Corporation. Brian's industry and community activities include Past Member, Alberta Securities Commission Exempt Market Dealer Advisory Committee, Director and Founding Member of the Canadian Alternative Mortgage Lenders Association (CAMLA), Member of the Edmonton Executive Association, Member of the Economic Society of Northern Alberta, Past Member of the Real Estate Council of Alberta's Mortgage Broker Advisory Committee, Past President and Director of the Alberta Mortgage Broker's Association, and Past Member and Co-Chair of the Private Lenders Forum.
Karen Gail Riva	Chief Compliance Officer of the Manager and Secretary of the General Partner – As Chief Compliance Officer, Karen is accountable for the oversight of all regulatory and compliance matters. She has 23 years of experience in the financial services industry, with more than 10 years in the role of Chief Compliance Officer. Throughout her career she has worked with firms registered as Exempt Market Dealer, Investment Fund Manager, Restricted Portfolio Manager, Mutual Fund Dealer as well as with the Wealth Management division of a national life insurance organization. Karen has completed a variety of courses with the Canadian Securities Institute, most notably; the Partners, Directors and Senior Officers Qualifying Examination, the Chief Compliance Officer Qualifying Examination, and the Canadian Securities Course.
Colin Hu, CPA	Chief Financial Officer of the Manager and Treasurer of the General Partner – Colin holds a Bachelor of Commerce degree in Accounting and Finance and a Chartered Professional Accountant (CPA) designation. In his role as the CFO, he is responsible for overseeing financial reporting and internal controls. He is also responsible for leading finance modernization and business process optimization projects to ensure that the finance team is in the best position possible to support the organization as it grows. Colin brings over ten (10) years of progressive accounting experience, beginning his career in advisory with KPMG, in addition to providing advisory services to a variety of clients across several industries. His experiences have allowed him to gain deep insight into the finance function

<u>Full Legal Name</u>	<u>Principal Occupation and Description of Experience Associated with the Occupation</u>
Theodore (Ted) Douglas Bossé KC, Partner Ogilvie LLP	of organizations and the ability to provide best practice solutions for the unique challenges they face. Trustee of the Trust and Director of the Partnership – Ted has a Bachelor of Arts, University of Alberta and a Bachelor of Laws, University of Alberta. He has been a partner with Ogilvie LLP since 1983. His professional areas of expertise include business and employment law with extensive experience in purchase and sale agreement structuring and negotiations, bank and private financing agreement structuring and negotiations, creative organizational structures (corporate, limited partnerships and joint venture corporate restructure), mergers and acquisitions, business succession planning and tax plan implementation. His industry and community activities include Honorary Consul to Finland in Alberta, Past Chair and Vice Chair, Board of Governors, Grant MacEwan College, Past Director, Edmonton Downtown Development Corporation, Past President, Alberta Conference Society, Past Director of AVAC Ltd. – Designer of Accelerate Fund, Past Member, Hong Kong Canada Business Association, Former General Counsel, World Trade Centre, and past director, Caplink Mortgage Investors Corporation and Cedar II Mortgage Corporation.
Deanna Marie Muise, FCPA, FCA, TEP, Partner Emeritus Kingston Ross Pasnak LLP	Trustee of the Trust and Director of the Partnership – Deanna has a Bachelor of Commerce, University of Alberta, is a Member of the CPA Canada, a Member of the CPA Alberta (Vic Dzurko Honor Roll), and has completed the Canadian Institute of Chartered Accountants In-Depth Tax Program. She has spent over 34 years as a dedicated member of the Kingston Ross Pasnak LLP (“KRP”) team. As one of three Métis KRP partners, she spent her time practicing in the taxation area, providing estate and business planning, corporate reorganizations and business restructuring. She worked with clients on business purchases and sales, as well as corporate and personal income tax. Since retiring in 2022 Deanna has taken on the status of “Partner Emeritus.” Deanna’s industry and community activities include Director, First Nations Financial Management Board, 2013 to present, Chair, Governance and Human Resources Committee for First Nations Financial Management Board, 2015 to present, Vice Chair, Special Projects Initiative of the First Nations Financial Management Board, 2016 to 2017, Chair, Executive Committee of the First Nations Financial Management Board, 2015 to present, Member, Society of Tax and Estate Practitioners, 2003 to present, and Member, CPA Alberta Awards Committee, 2020 – current.
Georgina Marian McDougall Villeneuve, MBA, MTI, Vice President Trust Services, Peace Hills Trust	Trustee of the Trust and Director of the Partnership – Georgina has a Bachelor of Commerce Degree, University of Calgary and a Masters of Business Administration, University of Regina. She obtained her MTI (Member Trust Institute) designation through the Institute of Canadian Bankers. Georgina completed the AFOA Harvard Program - Leading People and Investing to Build Sustainable Communities. Georgina brings a wealth of knowledge and experience in the administration and settlement of First Nation Trusts. She has over twenty-six (26) years of experience in the trust industry and has been administering First Nation trusts for over nineteen (19) years. Georgina is a member of Wesley First Nation and her industry and community activities include Member NATOA, Member CANDO, and Member AFOA. Georgina prides herself on her dedication to developing strong governance documents supported by proven communication strategies.

3.4 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

During the ten (10) years preceding the date hereof, with respect to any Trustee of the Trust or any director or executive officer of the Manager or the General Partner or a control person of the Trust, the Partnership, the Manager or the General Partner or any issuer of which a Trustee of the Trust or any director or executive officer of the Manager or the General Partner or a control person of the Trust, the Partnership, the Manager or the General Partner was a trustee, director, executive officer or control person at that time, there has been: (a) no penalty or other sanction imposed by a court relating to a contravention of securities legislation; (b) no penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation; (c) no order restricting trading in securities, not including an order that was in effect for less than thirty (30) consecutive days; (d) no declaration of bankruptcy; (e) no voluntary assignment in bankruptcy; (f) no proposal under bankruptcy or insolvency legislation; and (g) no proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets.

With respect to any Trustee of the Trust or any director or executive officer of the Manager or the General Partner or a control person of the Trust, the Partnership, the Manager or the General Partner or any issuer of which a Trustee of the Trust or any director or executive officer of the Manager or the General Partner or a control person of the Trust, the

Partnership, the Manager or the General Partner was a trustee, director, executive officer or control person at that time, none have ever pled guilty to or been found guilty of: (a) a summary conviction or indictable offence under the *Criminal Code* (Canada); (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (d) an offence under the criminal legislation of any other foreign jurisdictions.

ITEM 4 - CAPITAL STRUCTURE

4.1 Securities Except for Debt

4.1.1 Trust Securities Except for Debt

The following table sets out the outstanding unit capital of the Trust as at April 30, 2024:

Description of Security	Number Authorized to be Issued	Price per Security ⁽¹⁾	Number Outstanding as at April 30, 2024 and assuming \$0 Offering	Number Outstanding assuming \$20,000,000 Offering ⁽²⁾⁽³⁾
Initial Trust Unit ⁽⁴⁾	1	\$10.00	1	1
Series A Units ⁽⁵⁾	Unlimited	\$1.00	0	0
Series C Units ⁽⁵⁾	Unlimited	\$1.00	75,660	20,075,660
Series F Units ⁽⁵⁾	Unlimited	\$1.00	22,231,786 ⁽⁶⁾	22,231,786
Series M Units ⁽⁵⁾⁽⁷⁾	Unlimited	\$1.00	10,000	10,000

Notes:

- (1) These amounts reflect the prices per Trust Unit for each series applicable as of the date hereof. The price per security for each series of Trust Units may change over time and will be determined by the Manager based on the Net Asset Value of the Corresponding LP Units. See "Price Per Security" on the face page of this Offering Memorandum.
- (2) There is no minimum or maximum Offering. The Trust may complete the issue and sale of Offered Units at any time and from time to time at one or more Closings until the Offering is terminated.
- (3) The amount assumes that all of the Offered Units issued under the Offering are Series C Units issued at a price of \$1.00 per Series C Unit.
- (4) On November 9, 2022, one Trust Unit was issued to constitute the Trust for \$10.00.
- (5) See **Item 2.8.1 - Declaration of Trust** and **Item 5.1 - Terms of Offered Units** for the terms of the Trust Units.
- (6) 25,217,691 Series F Units were issued to former shareholders of CapMIC and Cedar II in connection with the Initial Acquisition. See **Item 2.4.1 - Initial Acquisition**.
- (7) The Series M Units may be offered to the Manager's management team or their affiliates at the discretion of the Manager. The terms of the Series M Units are the same as the Series F Units, provided that no Management Fee or Special Allocation is payable on the Series M Units.

4.2 Partnership Securities Except for Debt

The following table sets out the outstanding unit capital of the Partnership as at April 30, 2024.

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at April 30, 2024 and assuming \$0 Offering	Number Outstanding assuming \$20,000,000 Offering ⁽¹⁾⁽²⁾
Series A LP Units ⁽³⁾	Unlimited	See Note 4	0	0
Series C LP Units ⁽³⁾	Unlimited	See Note 4	75,660	20,075,660
Series F LP Units ⁽³⁾	Unlimited	See Note 4	22,231,786 ⁽⁵⁾	22,231,786
Series M LP Units ⁽³⁾⁽⁶⁾⁽⁷⁾	Unlimited	See Note 4	10,000	10,000

Notes:

- (1) There is no minimum or maximum Offering. The Trust may complete the issue and sale of Offered Units at any time and from time to time at one or more Closings until the Offering is terminated.
- (2) The amount assumes that all of the Offered Units issued under the Offering are Series C Units issued at a price of \$1.00 per Series C Unit and that no subscribers purchase LP Units directly from the Partnership.
- (3) See **Item 2.8.2 - Partnership Agreement** for the terms of the LP Units.
- (4) The Trust will use the proceeds of the Offering to purchase LP Units of a corresponding series. See **Item 1.2.1 - Use of Available Funds by the Trust**. The purchase price of each LP Unit to be purchased by the Trust shall be the net proceeds of each Offered Unit of the Trust (net of Selling Commissions and offering costs).
- (5) 25,217,691 Series F LP Units were issued to the Trust as Corresponding LP Units to the Series F Units issued to former shareholders of CapMIC and Cedar II in connection with the Initial Acquisition. See **Item 2.4.1 - Initial Acquisition**.
- (6) The Series M LP Units may be offered to the Manager's management team or their affiliates at the discretion of the Manager. The terms of the Series M LP Units are the same as the Series F LP Units, provided that no Management Fee or Special Allocation is payable on the Series M LP Units.

4.3 Long-Term Debt

The Fund may obtain one or more credit facilities secured by their assets. While the maximum leverage limit of the Partnership is 3:1 pursuant to the Partnership Agreement, Management has determined to limit the leverage of the Fund as a whole to 1:1. See **Item 2.2.3 - Investment Strategy - Financing Strategy**.

The following debt arrangements are currently in place:

Description of Debt (Including Whether Secured)	Interest Rate	Maturity Date	Amount Outstanding as at April 30, 2024
\$10,000,000 secured operating revolving loan facility in favour of RBC	RBC's Prime Rate (as defined below) <i>plus</i> 0.75% per annum	N/A	\$6,537,625.71

The Canadian Mortgage Entity, a wholly-owned subsidiary of the Trust, has in place a demand operating revolving credit facility with RBC, available by way of account overdraft up to a maximum aggregate principal amount of ten million dollars (\$10,000,000). Availability of advances under the credit facility are subject to a margin requirement based on a percentage of the value of acceptable mortgages. Interest on advances is charged at RBC's Prime Rate plus 0.75%. The credit facility is secured by substantially all of the assets and properties of the Canadian Mortgage Entity and CMT CAN Holdings GP Inc.

4.4 Prior Sales

The following tables sets forth a description of the previously issued securities of the Trust and the Partnership within the 12 months prior to the date hereof. These securities have not been issued as part of this Offering.

4.4.1 Prior Sales by the Trust

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
July 28, 2023	Series C Units	47,660	\$1.00	\$47,660
August 4, 2023	Series F Units	85,390	\$0.99	\$0 ⁽¹⁾
November 15, 2023	Series F Units	106,529	\$0.99	\$0 ⁽¹⁾
December 20, 2023	Series C Units	18,000	\$1.00	\$18,000
December 20, 2023	Series F Units	105,164	\$0.99	\$0 ⁽¹⁾
February 1, 2024	Series C Units	10,000	\$1.00	\$10,000

Note:

- (1) Issuance pursuant to the DRIP.

4.4.2 Prior Sales by the Partnership

<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price per Security</u>	<u>Total Funds Received</u>
July 28, 2023	Series C LP Units	47,660	\$1.00	\$47,660
August 4, 2023	Series F LP Units	85,390	\$0.99	\$0 ⁽¹⁾
November 15, 2023	Series F LP Units	106,529	\$0.99	\$0 ⁽¹⁾
December 20, 2023	Series C LP Units	18,000	\$1.00	\$18,000
December 20, 2023	Series F LP Units	105,164	\$0.99	\$0 ⁽¹⁾
February 1, 2024	Series C LP Units	10,000	\$1.00	\$10,000

Note:

(1) Issuance pursuant to the DRIP.

ITEM 5 - SECURITIES OFFERED

The Offered Units are comprised of the following:

- **Series A Units:** This series of Trust Units is offered to Investors who are not eligible to purchase Series F Units and may pay commissions directly to their dealer.
- **Series C Units:** This series of Trust Units is offered to Investors who are not eligible to purchase Series A Units or Series F Units.
- **Series F Units:** This series of Trust Units is offered to Investors who purchase such units through a dealer sponsored fee for service or wrap program and who pay an asset-based fee to their dealer.

The Trust is offering the Offered Units for issue and sale under the Offering. Investors under the Offering will purchase Trust Units upon the Trust's acceptance of the Investor's Subscription Agreement and related documents and payment of the applicable subscription amounts for Trust Units, as the case may be. See **Item 5.2 - Subscription Procedure**.

Concurrent with or subsequent to this Offering, the Trust and the Partnership may also offer additional securities, which may not have the same terms as the Series A Units, Series B Units and Series F Units, or the Series A LP Units, Series B LP Units and Series F LP Units.

The Trust or the Partnership may, from time to time, negotiate with additional Investors (such as institutional Investors) the terms of purchase of a new series of Trust Units or LP Units, as applicable, including the management fee, preferred return and the distributions to the Special Limited Partner that will be paid by the Trust or the Partnership in respect of such Investor's Trust Units or LP Units, as applicable.

5.1 Terms of Offered Units

Investments in the Trust are represented by Trust Units. The Trust is permitted to have an unlimited number of series of Trust Units, which may be created by the Trustees in their sole discretion from time to time, having such attributes as determined by the Trustees.

The material terms of the Offered Units are summarized below. Other rights, privileges, restrictions, conditions and characteristics attaching to the Trust Units are contained in the Declaration of Trust. See also **Item 2.8.1 - Declaration of Trust**.

Prospective Investors are advised that any description of the Offered Units in this Offering Memorandum is a summary only of the material terms of those Offered Units and remains subject to the Declaration of Trust. Prospective Investors are advised to review the Declaration of Trust and the Trust Unit provisions in detail with their own legal, tax and investment advisors.

5.1.1 Voting Rights

There is no requirement to hold annual meetings of Trust Unitholders. Except for certain limited circumstances, meetings of Trust Unitholders may only be called by the Trustees. See **Item 2.8.1 - Declaration of Trust - Meetings and Resolutions of Trust Unitholders**.

5.1.2 Distributions

Purchase of LP Units

The Trust will use the proceeds of the Offering of the Offered Units to purchase LP Units of a corresponding series as set forth below:

Series of Offered Units	Corresponding Series of LP Units
Series A Units	Series A LP Units
Series C Units	Series C LP Units
Series F Units	Series F LP Units

The specific LP Unit that is acquired by the Trust with the proceeds the Trust received from the issuance of a particular Trust Unit is referred to herein as that Trust Unit's "Corresponding LP Unit". See the definition of "Corresponding LP Unit" in the **GLOSSARY**.

Partnership Distributions

Distributions, including without restriction returns of capital, in such amount as may be determined by the General Partner, may be declared payable by the General Partner on such day or days and to Partners of record as at the close of business on such day or days as the General Partner from time to time determines (the "**Distribution Amount**"). For greater certainty, a distribution may be made with respect to one or more series and not with respect to one or more other series provided that no distribution may be made with respect to a series if the Net Asset Value of such series after such distribution would be reduced to below zero.

The Distribution Amount in respect of each series shall be distributed as follows:

- (a) to the General Partner, in the first instance, whereby the General Partner will receive 0.001% of the Distribution Amount allocated to such series, up to a maximum amount of five thousand dollars (\$5,000) per calendar year; and
- (b) the remainder of the Distribution Amount shall be distributed to the holders of LP Units of the applicable series equally on a unit-for-unit basis.

Notwithstanding the above, in the event that an LP Unit was not issued and outstanding each day within a period to which a Distribution Amount relates, then the amount distributed in respect of such LP Unit may be adjusted by the General Partner, acting in its sole discretion, to be the product obtained when the amount that would have been distributed if the LP Unit had been issued and outstanding each day within such period is multiplied by the quotient obtained when (a) the number of days in such period during which such LP Unit was issued and outstanding, is divided by (b) the total number of days in such period, and such amount shall be payable as the distribution in respect of such LP Unit.

Notwithstanding the above, the Partnership may not make distributions where the Partnership would, after the distribution, be unable to discharge the liabilities of the Partnership or would contravene the Partnership Act.

Special Allocation

In addition to any distributions declared pursuant to the above, in respect of each LP Unit and each Special Allocation Period, the Special Limited Partner shall be entitled to a distribution equal to the lesser of (a) and (b) where:

- (a) equals the SLP Percentage of the Aggregate Overall Appreciation during such Special Allocation Period; and
- (b) equals the positive difference, if any, between the Net Asset Value per LP Unit at the end of such Special Allocation Period (prior to the deduction of any Special Allocation for such Special Allocation Period and adjusted as necessary to reflect any distributions made by the Partnership during such Special Allocation Period) and the Adjusted Net Asset Value per LP Unit;

with the amounts distributable to the Special Limited Partner being the "**Special Allocation**".

The Special Allocation is estimated and accrued on each date that the Net Asset Value is determined (such that the Net Asset Value per Unit reflects such accrual). The Special Allocation will be calculated and accrued at intervals to be determined by the General Partner and crystallized at the end of each Special Allocation Period. At such intervals, the General Partner will determine if the Special Limited Partner would have been entitled to a Special Allocation had the Special Allocation Period ended at that time. If a Special Allocation would have been made under those circumstances

then the amount of the Special Allocation will be paid to the Special Limited Partner. The Special Allocation will be recalculated and crystalized at the end of the actual Special Allocation Period and the Special Limited Partner will reimburse the Partnership for any excess payments received by the Special Limited Partner taking into account the performance of the Partnership during the entire Special Allocation Period.

Special Allocations with respect to a Series A LP Unit, Series C LP Unit and Series F LP Unit are paid out of the assets of the Partnership attributable to the series to which the Unit belongs and are not specifically allocated to the holder of such Series A LP Unit, Series C LP Unit and Series F LP Unit.

The Special Limited Partner may, in its sole discretion, agree with a Limited Partner to waive the entitlement of the Special Limited Partner to all or a portion of the Special Allocation attributable to some or all of the LP Units held by such Limited Partner. All amounts of Special Allocation so waived will be deemed for all purposes of this Agreement to be allocated for purposes of the Tax Act to the applicable Limited Partner. The Special Limited Partner may pay or direct the General Partner to pay all or a portion of any Special Allocation it is entitled to receive to third parties, including registered dealers whose clients hold LP Units of the Partnership. Any such arrangements will be made in accordance with applicable law. Such payments may be modified or discontinued by the Special Limited Partner at any time.

Trust Distributions

When the Trust receives a distribution from the Partnership with respect to a Corresponding LP Unit, then the Trust will promptly pay or make payable a distribution to the holder of record of the applicable Trust Unit in an amount equal to the distribution received with respect to the Corresponding LP Unit. Any such distributions will be made to the person who, according to the register, was the holder of record of the applicable Trust Unit on the date the distribution is declared by the Trust.

Notwithstanding the foregoing, the Trustees or the Manager may reduce the amounts distributable to holders of Trust Units which the Trustees or the Manager may reasonably consider to be necessary to provide for:

- (a) the payment of any costs, expenses or liabilities, which have been or may be incurred in the undertaking and activities of the Trust;
- (b) the payment of any tax liability of the Trust; or
- (c) any allowances for contingencies, working capital, investments or acquisitions, or such reserves as are, in the opinion of the Trustees or the Manager, necessary or desirable;

which reduction shall reduce the distribution first referred to above to each holder of Trust Units on a *pro rata* basis.

Where the Trust is allocated income from the Partnership that is attributable to a series of Corresponding LP Units but the Trust receives no corresponding distribution from the Partnership, then such income of the Trust will be distributed to the applicable series of Trust Units, with each Trust Unit of such series being distributed its proportionate share of such aggregate distribution.

In addition to the foregoing distributions, the Trustees may declare to be payable and make distributions or advances to Trust Unitholders, from time to time, out of income of the Trust, net realized capital gains, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Trustees may determine.

Having regard to the present intention of the Trustees to pay or make payable to the Trust Unitholders of all applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts, without any further actions on the part of the Trustees, are due and payable to Trust Unitholders of record on the last day of each taxation year of the Trust:

- (a) the amount, if any, of income of the Trust for such taxation year not previously paid or made payable to Trust Unitholders in the taxation year; and
- (b) the amount, if any, of net realized capital gains for such taxation year not previously paid or made payable to Trust Unitholders in such taxation year.

Any amount payable pursuant to the above shall first be allocated to each series of Trust Units based on the relative Net Asset Value of each series. Then each Trust Unitholder's share of any such amount payable pursuant to (a) and (b) above allocated to a series shall be its proportionate share of such amount, determined on the basis of the number of Trust Units of such series held by such Trust Unitholder on the last day of the taxation year of the Trust in which the distribution was made payable.

When determining the proportionate share of a distribution payable to Trust Unitholders, the Trustees may make any variation or adjustment so as to ensure where possible that Trust Unitholders are treated equitably and fairly taking into account such considerations as the Trustees, in their discretion, acting reasonably and in good faith, deem appropriate in the circumstances and determine to be equitable and fair (including for greater certainty, the distributions from the Partnership and/or the Corresponding LP Units).

Each Trust Unitholder has the legal right to enforce payment arising as of the applicable record date of any amount payable to such Trust Unitholder as a result of any distribution declared or otherwise payable to, and not yet received by, such Trust Unitholder.

The Trust has adopted the DRIP, which will allow eligible holders of Trust Units to elect to have their distributions reinvested in additional Trust Units of the same series. The purchase price of the Trust Units purchased under the DRIP shall be determined by the Manager in its sole discretion from time to time, provided that unless otherwise determined by the Manager, the issuance price for Trust Units that are being distributed by the Trust at such time will be the then issue price of the applicable series of Trust Units. The Manager may, at its discretion, terminate the DRIP. See **Item 2.8.6 – Distribution Reinvestment Plan (DRIP)**.

5.1.3 Distribution Policy of the Trust and the Partnership

The Partnership seeks to create a portfolio of Eligible Investments that will enable the Partnership to make distributions to its limited partners (including the Trust) on a regular basis, with the amount of any such distributions determined by the Manager in its sole discretion. Such distributions, if any, will generally be made on a quarterly basis, however, the Manager may vary the amount and frequency of distributions in its sole discretion. Distributions from the Partnership are not guaranteed.

The Trust intends to distribute amounts received from the Partnership to Trust Unitholders in accordance with the Declaration of Trust. Although it is the Partnership's intention that distributions on the LP Units be primarily paid from cash flow from the Partnership's investments, in certain circumstances, payments and distributions may exceed the cash flow of the Partnership for any particular distribution period. In such circumstances, distributions to the Trust (and in turn the Trust Unitholders) may consist, directly or indirectly, of the proceeds from the sale of securities by the Trust (including this Offering).

The return on an investment in the Offered Units is not comparable to the return on an investment in fixed-income securities. Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Trust. Any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Trust intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Trust to make cash distributions and the actual amount distributed depends on the receipt of distributions from the Partnership, and by the Partnership from the Mortgage Entities, and the performance of the Eligible Investments acquired by the Mortgage Entities, and will be subject to various factors including those referenced in **Item 9 - Risk Factors**. The value of the Offered Units may decline if the Trust is unable to meet its cash distribution targets in the future and that decline may be significant.

It is important for Investors to consider the particular risk factors that may affect the industry in which they are investing and therefore the stability of the distributions that Trust Unitholders receive. See, for example, **Item 9.3 - Risks Related to Acquisition of Eligible Investments** and **Item 9.4 - Risks Pertaining to the Business**, which also describes the Trust's assessment of those risk factors, as well as the potential consequences to a Trust Unitholder if the events contemplated by a particular risk factor should occur.

5.1.4 Redemption and Retraction of Trust Units

Redemption rights under the Declaration of Trust are subject to certain restrictions.

Right of Redemption

Each Trust Unitholder may require the Trust to redeem at any time or from time to time at the demand of the Trust Unitholder all or any part of the Trust Units registered in the name of the Trust Unitholder, at the prices determined and payable in accordance with the terms and conditions hereinafter provided.

Exercise of Redemption Right

To exercise a Trust Unitholder's right to require redemption, the Trust Unitholder must send a duly completed and properly executed notice requiring the Trust to redeem Trust Units, in a form approved by the Manager, to the Manager at the head office of the Trust and, if a transfer agent has been appointed, at the head office of the transfer agent. No form or manner of completion or execution is sufficient unless the same is in all respects reasonably satisfactory to the

Manager and, if a transfer agent has been appointed, the transfer agent, and is accompanied by any further evidence that the Manager and such transfer agent may reasonably require with respect to the identity, capacity or authority of the person giving such notice. Any expense associated with the preparation and delivery of redemption notices is for the account of the Trust Unitholder exercising the redemption privilege.

Trust Units may be redeemed as at the last business day of each calendar month (i.e., a Redemption Date). The redemption notice shall be delivered to the Trust at least thirty (30) days prior to the Redemption Date. A Trust Unitholder that redeems its Trust Units on a Redemption Date ceases to have any rights with respect to the Trust Units tendered for redemption (other than to receive the redemption payment therefor unless the redemption payment is not made as provided for herein) including the right to receive any distributions thereon which are declared payable to the Trust Unitholders of record on a date which is subsequent to the Redemption Date.

Redemption Price

Subject to the limitations in the following paragraphs, upon receipt by the Trust of the notice to redeem a Trust Unit, the applicable Trust Unitholder is entitled to receive the Redemption Price for such Trust Unit being redeemed equal to redemption proceeds received by the Trust from the Partnership with respect to the Trust's redemption of the Corresponding LP Unit, which shall in turn be an amount equal to the Net Asset Value per LP Unit determined at the Redemption Date, multiplied by the Redemption Charge set out in the table below.

Period of time between the issuance date of the LP Unit being redeemed and the Redemption Date	Redemption Charge		
	Series A	Series C	Series F
< 1 year	98%	94%	99%
1 year to < 2 years	99%	96%	100%
2 years to < 3 years	100%	98%	100%
3 years and greater	100%	100%	100%

For greater certainty, the Series F LP Units issued as Corresponding LP Units to the Series F Units issued as consideration for the Initial Acquisition are not subject to a Redemption Charge.

The General Partner may, in its sole discretion, waive the application of the percentage set out above.

Pursuant to the foregoing table, a Trust Unitholder will receive a lower Redemption Price if such Trust Unitholders redeems his or her Offered Units within a certain period of time from the date of investment (depending on the series of Trust Unit held by the Trust Unitholder). This is intended to protect the Trust and existing Trust Unitholders from a reduction in the value of the Trust due to the payment of Selling Commissions and offering costs.

Sample Redemption Price Calculations

All values in the following sample calculations are for illustration purposes only, and the calculations assume that the Trust Units tendered for redemption do not meet the Redemption Limit.

In the event that a Trust Unitholder delivers a redemption notice to the Trust, in accordance with the procedures outlined in this Offering Memorandum, for redemption of Trust Units within less than a year after such Trust Units were issued to such Trust Unitholder, the Redemption Price would be calculated in accordance with the following:

$$(\# \text{ Class C Units Redeemed}) \times (\text{Net Asset Value per LP Unit}^* \times 94\%^{**}) = \text{Redemption Price}$$

$$10,000 \times (\$1.00 \times 0.94) = \$9,400$$

*Note that this refers to the Corresponding LP Unit that is redeemed by the Trust.

** Note that this refers to the applicable Redemption Charge.

In this illustration:

Date of Issuance	Date of Redemption	Number and Class of Trust Units Redeemed	Net Asset Value per (Corresponding) LP Unit
April 2023	March 2024	10,000 Class C Units	\$1.00

As another example, in the event that a Trust Unitholder delivers a redemption notice to the Trust, in accordance with the procedures outlined in this Offering Memorandum, for redemption of Trust Units at least three (3) years after such Trust Units were issued to such Trust Unitholder, the Redemption Price would be calculated in accordance with the following:

$$(\# \text{ Class C Units Redeemed}) \times (\text{Net Asset Value per LP Unit} \times 100\%^{**}) = \text{Redemption Price}$$

$$10,000 \times (\$1.00 \times 1.00) = \$10,000$$

*Note that this refers to the Corresponding LP Unit that is redeemed by the Trust.

** Note that this refers to the applicable Redemption Charge.

In this illustration:

Date of Issuance	Date of Redemption	Number and Class of Trust Units Redeemed	Net Asset Value per (Corresponding) LP Unit
April 2023	May 2026	10,000 Class C Units	\$1.00

Cash Redemption

The Redemption Price payable in respect of the Trust Units redeemed on a Redemption Date is to be satisfied by way of a cash payment not later than thirty (30) days following the Redemption Date. Payments made by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment or by confirmation of wire transfer or by electronic transfer of funds to the Trust Unitholder's bank account. Upon such payment, the Trust is discharged from all liability to the former Trust Unitholder and any party having a security interest in respect of the Trust Units so redeemed (other than in respect of unpaid distributions with a record date prior to the Redemption Date).

No Cash Redemption in Certain Circumstances

The foregoing does not apply to Trust Units tendered for redemption by a Trust Unitholder, where:

- (a) the total amount payable by the Trust pursuant to the foregoing and the Partnership pursuant to the Partnership Agreement, in respect of such Trust Units and all other Trust Units and/or LP Units validly tendered for redemption on a Redemption Date (excluding for greater certainty, LP Units tendered for redemption by the Trust) exceeds one percent (1.0%) of the Net Asset Value of the Partnership (the "**Redemption Limit**"); provided that the Trustees or the Manager may, in their sole discretion, waive or increase such limitation in respect of all Trust Units tendered for redemption in any calendar month;
- (b) in the Trustees' or the Manager's opinion (in their sole discretion), the Trust is or, after the redemption, would be unable to pay its liabilities as they become due; or
- (c) in the Trustees' or the Manager's opinion (in their sole discretion), the Trust has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust Unitholders or the Trust, generally.

In the event that the Redemption Limit is exceeded in a calendar month, the cash amount payable by the Trust and the Partnership shall be split amongst them on a *pro rata* basis based on the total amount payable by the Trust and by the Partnership in respect of redemptions in such calendar month. Subject to the order of redemptions described below, Trust Units to be redeemed on a Redemption Date in which the total amount payable by the Trust exceeds the cash amount allocated to the Trust are to be redeemed for a combination of cash and an issuance of Redemption Notes on a *pro rata* basis, subject to any applicable regulatory approvals.

If, as a result of any limitations in (b) or (c) above, a Trust Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust Unitholders' Trust Units tendered for redemption, then the Redemption Price per Trust Unit to which the Trust Unitholder would otherwise be entitled will be paid and satisfied by the issuance of a Redemption Note to such Trust Unitholder, subject to any applicable regulatory approvals.

The Trustees or the Manager will notify Trust Unitholders at least fourteen (14) days prior to a Redemption Date if it intends to issue Redemption Notes on such Redemption Date. At any time in the five (5) days following the date of the

Trustees' or the Manager's notice, a Trust Unitholder may rescind its notice of redemption. If a Trust Unitholder fails to rescind its notice of redemption, the Trustees or the Manager shall issue Redemption Notes to such Trust Unitholder on the Redemption Date with respect to its *pro rata* portion of the redemption proceeds that are not paid in cash.

Order of Redemptions

The Trust will redeem the Trust Units according to the order in which redemption notices are received by the Trustees or the Manager. Unless the Redemption Limit is waived as specified, and provided that paragraphs (b) and (c) above do not apply, Trust Units tendered for redemption in any calendar month in which the total amount payable by the Trust exceeds the Redemption Limit are to be redeemed for a combination of cash and the issuance of Redemption Notes on a *pro rata* basis, provided however that, if the Redemption Limit has not been exhausted by redemptions which pre-date the redeeming Trust Unitholder's redemption notice then the minimum cash to be distributed to such redeeming Trust Unitholder is to be not less than one thousand dollars (\$1,000) (unless waived by the Trustees or the Manager in their sole discretion or the entire Redemption Price is paid in cash). For illustration and greater certainty (and subject always to the Declaration of Trust), if the Redemption Limit in respect of a particular Redemption Date is one hundred and fifty thousand dollars (\$150,000) and the Trust receives more than one hundred and fifty (150) redemption requests in respect of such Redemption Date, then (provided that certain other limitations on cash redemptions do not apply) the first one hundred and fifty (150) redeeming Trust Unitholders are to receive the first one thousand dollars (\$1,000) of their Redemption Price in cash and the remainder of the Redemption Price by the issuance of Redemption Notes, and each redeeming Trust Unitholder beyond the first one hundred and fifty (150) is to receive the entire Redemption Price by the issuance of Redemption Notes.

Retraction of Trust Units by the Trustees or the Manager

The Trustees or the Manager may, in their sole discretion, at any time and from time to time, upon duly providing a Retraction Notice, retract one or more of the then outstanding Trust Units, as if such Trust Units were tendered by the applicable holder for redemption as at the Redemption Date. The provisions summarized in **Item 5.1.4 - Redemption and Retraction of Trust Units** shall apply *mutatis mutandis* with respect to such retraction, provided that the Redemption Price with respect to a Trust Unit that is being retracted pursuant to the above shall not be subject to the Redemption Charge set out in the table **Item 5.1.4 - Redemption and Retraction of Trust Units - Redemption Price**. For greater certainty, Retraction Notices may be given to one or more Trust Unitholders to the exclusion of other Trust Unitholders.

Notwithstanding the foregoing, in the event that a retraction of outstanding Trust Units is initiated by the Manager or Trustees in circumstances where the Trustees or Manager determines, in their reasonable discretion, that continued undiminished membership of the Trust Unitholder in the Trust would: (a) constitute or give rise to a violation of applicable law; or (b) otherwise subject the Trust or the other Trust Unitholders to material onerous legal, tax or other regulatory requirements or consequences that cannot reasonably be avoided, then:

- (a) the Redemption Charge set out in the table under **Item 5.1.4 - Redemption and Retraction of Trust Units - Redemption Price** shall continue to apply; and
- (b) the Trust may complete such retraction: (i) notwithstanding any suspension of redemptions; and/or (ii) without regard to the requirement that any postponement of payment of the Redemption Price or payment of the Redemption Price through the issuance of Redemption Notes be applied on a *pro rata* basis.

Suspension of Redemptions

As an extraordinary measure and subject to the unanimous approval of the Independent Trustees, the Trustees, on the advice of the Manager, may suspend the redemption of Trust Units or postpone the date of payment of redeemed Trust Units if the Trustees or the Manager reasonably determine that: (a) the Trust's assets are invested in such a manner so as to not reasonably permit timely liquidation of sufficient assets; (b) there exists a state of affairs that constitutes circumstances under which liquidation by the Trust of a sufficient part of its investments is not reasonable or practicable, or would be prejudicial to the Trust or Trust Unitholders generally; (c) not suspending redemptions would have an adverse effect on continuing Trust Unitholders; or (d) they are unable to value the assets of the Trust. The Trustees or the Manager may also suspend the redemption of Trust Units upon an announcement by the Trustees that the Trust will be terminated. For greater certainty, the intention of this provision is not to generally restrict the ability of Trust Unitholders to redeem Trust Units, but rather to permit the Trustees or the Manager to protect the Trust and/or its Trust Unitholders from the harm that would be caused by permitting redemptions when extraordinary and unusual circumstances are present.

Repurchase of Trust Units

The Trust has the right and entitlement, and is authorized and empowered, to offer to any one or more Trust Unitholders, as the Trustees may determine, and upon acceptance of such offer by the holder of such Trust Units to whom such

offer was made, to purchase for cancellation, at any time, by private agreement or otherwise, the whole or from time to time any part of the outstanding Trust Units in respect of which the offer was accepted, at a price per security and on a basis as determined by the Trustees but in compliance with all applicable laws, rules, regulations or policies governing same. For greater certainty, such offers may be made to one or more Trust Unitholders to the exclusion of other Trust Unitholders. In addition, the Trust has the right to undertake and complete all purchases as may be necessitated as a result of subscribers exercising, in connection with any offering, their statutory or contractual (as the case may be) rights of withdrawal or rescission. Trust Units purchased by the Trust will be cancelled. The Trustees may from time to time adopt policies governing the repurchase of Trust Units by the Trust.

5.1.5 Transfers of Trust Units

Trust Units may only be transferred in accordance with applicable securities laws and the Declaration of Trust. The Declaration of Trust provides that no Trust Units are to be transferred without the written consent of the Manager (which consent may be unreasonably withheld) and otherwise in accordance with applicable law and the Declaration of Trust. To validly transfer any Trust Unit, the Declaration of Trust requires a Trust Unitholder to execute and deliver to the Manager a transfer form and acknowledgement confirming the transfer in which the transferee agrees, among other things, to be bound by the terms of the Declaration of Trust, in a form acceptable to the Manager. See **Item 9 - Risk Factors** and **Item 11 - Resale Restrictions**.

5.1.6 Participation Upon Liquidation or Winding Up

In the event of the liquidation, dissolution or winding up of the Trust or other distribution of assets of the Trust among its Trust Unitholders for the purpose of winding up the affairs of the Trust, the holders of Trust Units shall be entitled to participate in the distribution.

Each holder of Trust Units shall be entitled to receive the amount received from the Partnership with respect to the Corresponding LP Unit of such Trust Units in the same manner as a distribution by the Trust after paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust.

5.1.7 Rights of Trust Unitholders

Trust Unitholders are NOT shareholders and do not enjoy all of the protections, rights and remedies generally offered to shareholders of a corporation incorporated under the ABCA. Although the Declaration of Trust confers upon a Trust Unitholder some of the same protections, rights and remedies as a voting shareholder of a corporation governed by the ABCA, significant differences do exist.

Trust Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its assets, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on, or (b) the issue, transfer or ownership of shares. As an alternative, Trust Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Trust Units, subject to certain conditions and limitations, as described under **Item 5.1.4 - Redemption and Retraction of Trust Units**.

Trust Unitholders do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive or unfairly prejudicial to shareholders. Shareholders of an ABCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Trust Unitholders cannot. Shareholders of an ABCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The ABCA also permits shareholders to bring derivative actions in the name of the corporation or defend, in the name and on behalf of the corporation, a proceeding brought against the corporation, in each case with leave of a court. The Declaration of Trust does not include a comparable right of Trust Unitholders to commence or participate in legal proceedings with respect to the Trust.

For further information on terms contained in the Declaration of Trust which affect the rights of Trust Unitholders, see **Item 2.8.1 - Declaration of Trust**.

5.2 Subscription Procedure

The securities being offered pursuant to the Offering are the Offered Units.

The minimum investment in the Trust for Series A Units and Series C Units is ten thousand dollars (\$10,000). The minimum investment in the Trust for Series F Units is twenty-five thousand dollars (\$25,000). These minimum amounts

may be waived by the Manager, in its sole discretion. Subject to applicable securities law, there is no maximum number of Offered Units allocated to any Investor, subject to the limits pursuant to the Declaration of Trust.

Closings will occur from time to time at the discretion of the Manager. Investors wishing to subscribe for Offered Units are required to enter into a Subscription Agreement with the Trust containing, among other things, representations, warranties, certifications, acknowledgments and covenants by such Investor. The procedure to subscribe for Offered Units is set out in the Subscription Agreement. Investors should read the instructions in the Subscription Agreement closely. A subscription for Offered Units is made upon the acceptance by the Manager of an Investor's fully completed and signed Subscription Agreement, including any related documents required by the Subscription Agreement, together with payment of the applicable subscription price in full by certified cheque, bank draft, wire transfer or such other manner as may be accepted by the Manager, all of which have been delivered to the Manager at the address set out in the Subscription Agreement.

Subject to the rights of rescission described in **Item 12 - Investors' Rights**, a subscription for Offered Units, as evidenced by a fully completed and signed Subscription Agreement delivered to and accepted by the Trust, is irrevocable. No prospective Investor has any right to withdraw his or her subscription for Offered Units unless the Trust terminates the Offering or does not accept the subscription.

Where Offered Units are being subscribed for in reliance on the offering memorandum exemption contained in Section 2.9 of NI 45-106, the Manager will hold the aggregate subscription funds in trust until at least midnight on the second business day after the day on which the corresponding Subscription Agreement was signed, after which time the aggregate subscription funds will be held in trust until the Manager has accepted or rejected such subscription, in whole or in part, in connection with a Closing of the Offering. Holding such aggregate subscription funds in this manner does not constitute acceptance of a subscription for Offered Units. The Manager has the right, in its sole and absolute discretion, to reject any subscription for Offered Units, in whole or in part, for any reason. No interest will be paid to or accrued for the benefit of an Investor on any portion of such Investor's aggregate subscription funds held in trust prior to Closing. Any interest earned on such aggregate subscription funds belongs to the Trust irrespective of whether it ultimately accepts or rejects the subscription for Offered Units. Any monies received with a rejected order will be promptly refunded without any interest.

At any Closing of the Offering, proceeds from subscriptions for Offered Units will be available to the Trust for its use, as described in this Offering Memorandum.

The Trust may suspend or conclude the Offering at any time without notice. Any subscription funds for subscriptions that the Trust does not accept will be returned promptly without interest or deduction after the Trust has determined not to accept such subscription.

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and only to those persons to whom they may be lawfully offered for sale. By executing a Subscription Agreement for Offered Units, each Investor will make the representation that the Investor meets the conditions of the applicable prospectus exemption in purchasing Offered Units pursuant to this Offering and is thus entitled under such prospectus exemption to purchase such securities without the benefit of a prospectus qualified under applicable securities laws. Under no circumstances will the Trust accept a subscription for Offered Units if its distribution cannot be made in reliance on a prospectus exemption. Persons resident in the province of Québec are not permitted to rely on the offering memorandum exemption contained in Section 2.9 of NI 45-106. In the province of Québec, the Offering is being conducted pursuant to the exemptions from the prospectus requirements afforded by Section 2.3 of NI 45-106 and to those persons Offered Units may otherwise be sold in accordance with applicable securities laws. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ITEM 6 - REPURCHASE REQUESTS (REDEMPTION HISTORY)

To date, all redemption requests submitted to the Trust have been paid in cash on a *pro rata* basis. The following table includes aggregate redemption requests and aggregate redemption payments across all Trust Unit classes from the inception of the Trust until December 31, 2023. All amounts are aggregated by year and are shown in Canadian equivalent dollars.

Financial Year End	Number of Trust Units with Outstanding Redemption Requests on January 1	Number of Trust Units for which Redemption Requests were Made During the Year	Number of Trust Units Redeemed During the Year	Average Price Paid for the Trust Units Redeemed (\$)	Source of Funds Used to Complete the Redemptions	Number of Trust Units with Outstanding Redemption Requests on December 31 ⁽²⁾
December 31, 2022 ⁽¹⁾	0 ⁽¹⁾	0	0	0	0	0
December 31, 2023	0	5,967,234	2,469,979	0.99	Loan facility with RBC	3,497,255

Notes:

(1) The Trust was formed on November 9, 2022.

(2) Redemptions are paid out monthly. In 2023, the Trust's cash redemptions were completed on a *pro rata* basis up to the Redemption Limit.

The following table includes aggregate redemption requests and aggregate redemption payments across all Trust Unit classes for the period beginning January 1, 2024 and up to April 30, 2024. All amounts are aggregated for this period and are shown in Canadian equivalent dollars.

Beginning and End Dates of Period	Number of Trust Units with Outstanding Redemption Requests on January 1	Number of Trust Units for which Redemption Requests were Made During the Period	Number of Trust Units Redeemed During the Period	Average Price Paid for the Trust Units Redeemed (\$)	Source of Funds Used to Complete the Redemptions	Number of Trust Units with Outstanding Redemption Requests on April 30, 2024 ⁽¹⁾
January 1, 2024 – April 30, 2024	3,497,255	1,433,503	913,667	0.99	Loan facility with RBC	3,694,699

Notes:

(1) Redemptions are paid out monthly. In 2024, the Trust expects to complete cash redemptions on a *pro rata* basis up to the Redemption Limit.

ITEM 7- INCOME TAX CONSEQUENCES AND EXEMPT PLANS ELIGIBILITY

7.1 General

The following summary has been prepared by Counsel and describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a Trust Unitholder who is an individual (other than a trust), who acquires Trust Units pursuant to this Offering and who, for purposes of the Tax Act, is resident in Canada, holds their Trust Units as capital property, and deals at arm's length and is not affiliated with the Trust.

Generally, Trust Units will be capital property of a Trust Unitholder provided the Trust Unitholder does not hold the Trust Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain persons who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Trust Units and each other "Canadian security" (as defined in the Tax Act) owned by the person in the year in which the election is made and in each subsequent year, treated as capital property.

This summary is not applicable to a Trust Unitholder that has entered or will enter into a “derivative forward agreement” or a “synthetic disposition arrangement” (each as defined in the Tax Act) with respect to the Trust Units. Such Trust Unitholders should contact their own tax advisors having regard to their own particular circumstances.

This summary is based upon information set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and Counsel’s understanding of the current published administrative and assessing policies of the CRA that have been made publicly available as of the date hereof. There can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Offering and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action or changes in the administrative policies or assessing practices of the Canada Revenue Agency. This summary does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be relied on as legal or tax advice or representations to any particular Trust Unitholder. Consequently, Trust Unitholders are urged to seek independent tax advice in respect of the consequences to them of an investment in Trust Units having regard to their particular circumstances. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

7.2 Status of the Trust

Qualification as a Mutual Fund Trust

This summary assumes that the Trust qualifies as a “mutual fund trust” for purposes of the Tax Act at all relevant times and that the Trust will, as a protective measure, elect under subsection 132(6.1) of the Tax Act to ensure that it qualified as a mutual fund trust from the beginning of its first taxation year.

If the Trust were to not qualify as a mutual fund trust at any particular time, the income tax considerations for the Trust and the Trust Unitholders would be materially different from those contained herein.

This summary assumes that “investments”, within the meaning of the Tax Act, in the Trust are not, and will not be, listed or traded on a stock exchange or other public market. If investments in the Trust are listed or traded on a stock exchange or other public market, the Trust may be taxable as a “SIFT trust” under the Tax Act and the income tax considerations will be materially different from those described herein.

7.3 Taxation of the Trust

The Trust is subject to tax under Part I of the Tax Act on its income for each taxation year, including net realized taxable capital gains, dividends, accrued interest and other income paid or payable to it, less the portion thereof that is paid or payable in the year by the Trust to Trust Unitholders and which is deducted by the Trust in computing its income for purposes of the Tax Act. An amount will be considered to be payable to a Trust Unitholder in a taxation year if it is paid in the year by the Trust or the Trust Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the Trust will end on December 31 of each year.

The Trust generally intends to deduct, in computing its income, the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined and to make payable to Trust Unitholders an amount equal to its remaining taxable income. Counsel has been advised by the Trust that it is expected that the Trust will not be liable for any material amount of tax under the Tax Act; however, Counsel can provide no assurance in this regard. Any losses incurred by the Trust (including losses allocated to the Trust by the Partnership and capable of being deducted by the Trust) may not be allocated to Trust Unitholders, but may generally be carried forward and deducted in computing the taxable income of the Trust in future years in accordance with the provisions of the Tax Act.

In computing its income for purposes of the Tax Act, the Trust may generally deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The Trust may generally deduct any costs and expenses of the Offering paid by the Trust and not reimbursed at a rate of twenty percent (20%) per year, pro-rated for any taxation year which is less than three hundred and sixty five (365) days, to the extent that the expenses were not otherwise deductible in a preceding year.

The Trust will generally not be permitted to deduct in computing its income: (i) the portion of a capital gain of the Trust distributed to a Trust Unitholder on a redemption of Trust Units that is greater than the Trust Unitholder’s accrued gain; and (ii) any income of the Trust distributed to a Trust Unitholder on a redemption of Trust Units where the Trust Unitholder’s proceeds of disposition are reduced by the distribution.

The Trust will be required to include, in computing its income for a particular taxation year, its share of the Partnership's income for the fiscal period of the Partnership that ends in the taxation year, whether or not any such income is distributed to the Trust in the taxation year. Subject to the "at-risk" rules described below, the Trust will generally be permitted to deduct, in computing its income for a particular taxation year, its share of the Partnership's losses for the fiscal period of the Partnership that ends in the taxation year. In general, the Trust's share of the Partnership's income or loss from any source or from sources in a particular place (including from foreign sources) will be treated as if it were the income or loss of the Trust from that source or from sources in that particular place, and any provisions of the Tax Act applicable to that type of income or loss will generally apply to the Trust in respect of such income or loss, subject to the detailed provisions of the Tax Act.

The Tax Act contains rules that restrict the ability of a taxpayer who is a "limited partner" of a partnership, as defined in the Tax Act, to deduct certain losses incurred by the partnership and allocated to the limited partner. Accordingly, notwithstanding the income or loss allocation provisions of the Partnership Agreement, any losses of the Partnership from a business or property allocated to the Trust will not be deductible by the Trust in computing its income in respect of a particular taxation year to the extent that the Trust's share of the loss exceeds the Trust's "at-risk amount" in respect of the Partnership at the end of the relevant fiscal period of the Partnership. In general terms, the "at-risk amount" of the Trust in respect of the Partnership at the end of a fiscal period of the partnership will be: (i) the adjusted cost base of the Trust's interest in the Partnership at that time, plus (ii) the Trust's share of the income of the Partnership in respect of the fiscal period, less the aggregate of (iii) all amounts owing by the Trust (or a person or partnership not dealing at arm's length with the Trust) to the Partnership or to a person or partnership with whom the Partnership does not deal at arm's length, and (iv) subject to certain exceptions, any amount or benefit to which the Trust is entitled to receive where the amount or benefit is intended to protect the Trust from any loss it may sustain by virtue of being a member of the Partnership or holding or disposing of an interest in the Partnership.

The Trust's share of any loss incurred by the Partnership that is not deductible by the Trust in the year because of the "at-risk" rules is generally considered to be its "limited partnership loss" in respect of the Partnership for that year. Subject to the detailed provisions of the Tax Act, a "limited partnership loss" may generally be deducted by the Trust in any subsequent taxation year against any income allocated to the Trust from the Partnership in respect of that year to the extent that the Trust's "at-risk amount" at the end of the Partnership's fiscal period ending in that year exceeds its share of any loss of the Partnership for that fiscal period.

7.4 Computation of Partnership Income

This portion of the summary assumes that the Partnership will, at all times, be a "Canadian partnership" for the purposes of the Tax Act and that the Partnership will not at any time be a "SIFT partnership" for the purposes of the Tax Act. This portion of the summary also assumes that the Partnership will not make any investment in any entity that would be an offshore investment fund property that would require the Partnership to include significant amounts in computing its income (or in computing the income of the Canadian Mortgage Entity) pursuant to section 94.1 of the Tax Act, or in an interest in a non-resident trust other than an "exempt foreign trust" as defined in the Tax Act.

The Partnership is not itself liable for income tax, however, the income or loss of the Partnership will be computed for each fiscal period as if the Partnership were a separate person resident in Canada. The fiscal period of the Partnership ends on December 31.

The income or loss of the Partnership for each fiscal period will be allocated among those persons who are Limited Partners, including the Trust, at the end of the Partnership's fiscal period, in accordance with the provisions of the Partnership Agreement.

In general, a Limited Partner's share of any income or loss of the Partnership from a particular source will retain its character and any provisions of the Tax Act applicable to that type of income will also apply to each Limited Partner.

The Partnership may hold investments, directly or indirectly, in one or more entities that is a "foreign affiliate" or a "controlled foreign affiliate" of the Partnership for purposes of the Tax Act. The Partnership's share of the "foreign accrual property income" (or "FAPI", as that term is defined for the purposes of the Tax Act) of corporations not resident in Canada which are controlled foreign affiliates of the Partnership will be included in computing its income. FAPI of such corporations generally includes, *inter alia*, their income from (or income that is deemed to be from) property (other than dividends and certain other amounts received from other foreign affiliates), business (other than certain active businesses) and certain taxable gains.

Foreign taxes paid by the Partnership, including withholding taxes, will be allocated among the investors in the Partnership (including the Trust) in accordance with the terms of Partnership Agreement.

7.5 Taxation of Trust Unitholders

Trust Distributions

A Trust Unitholder will generally be required to include in computing their income for a particular taxation year any amount paid or made payable to the Trust Unitholder in that year, whether in cash, additional Trust Units, Redemption Notes, or other property of the Trust.

Provided that appropriate designations are made by the Trust, the portion of its taxable capital gains and taxable dividends received from taxable Canadian corporations that are paid or made payable to a Trust Unitholder will retain their character as taxable capital gains and taxable dividends to the Trust Unitholder for purposes of the Tax Act. Such dividends, when designated to a Trust Unitholder that is an individual, will be subject to the gross-up and dividend tax credit provisions normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for eligible dividends. Income of the Trust that is designated as taxable dividends from taxable Canadian corporations or as net realized capital gains may affect an individual Trust Unitholder's liability for alternative minimum tax.

The non-taxable portion of net realized capital gains of the Trust that is paid or made payable to a Trust Unitholder in a taxation year will not be included in computing the Trust Unitholder's income for the year and will not reduce the adjusted cost base of the Trust Unitholder's Trust Units. Any other amount in excess of the net income of the Trust that is paid or made payable by the Trust to a Trust Unitholder in a year will generally not be included in the Trust Unitholder's income for the year but will reduce the adjusted cost base of the Trust Units held by such Trust Unitholder. To the extent that the adjusted cost base to a Trust Unitholder of a Trust Unit is less than zero at any time in a taxation year, such negative amount will be deemed to be a capital gain of the Trust Unitholder from the disposition of the Trust Unit in that year. The amount of such capital gain will be added to the adjusted cost base of such Trust Unit.

To the extent that the Trust is entitled to designate its income from a foreign source and taxes paid on that income to a foreign jurisdiction (including with respect to foreign source income allocated to it by the Partnership) in respect of a Trust Unitholder, the Trust Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Trust Unitholder's proportionate share of foreign taxes paid by the Trust in respect of such income as foreign taxes paid by the Trust Unitholder. The availability of foreign tax credits in respect of foreign source income designated to a Trust Unitholder by the Trust is subject to the foreign tax credit rules under the Tax Act and the Trust Unitholder's particular circumstances. Trust Unitholders should consult their own tax advisors for information regarding their potential ability to claim foreign tax credits in respect of a particular taxation year.

The adjusted cost base of a Trust Unit to a Trust Unitholder will include all amounts paid or payable by the Trust Unitholder for the Trust Unit, with certain adjustments. Trust Units issued to a Trust Unitholder as a non-cash distribution of income will have a cost amount equal to the amount of such income. A Trust Unitholder will generally be required to average the cost of all newly-acquired Trust Units with the adjusted cost base of Trust Units held by the Trust Unitholder as capital property in order to determine the adjusted cost base of the Trust Unitholder's Trust Units at any particular time.

Disposition of Trust Units

On the disposition or deemed disposition of Trust Units, a Trust Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Trust Unitholder's proceeds of disposition are greater (or less) than the aggregate of the Trust Unitholder's adjusted cost base of the Trust Units and any reasonable costs incurred by the Trust Unitholder in connection with the disposition. The taxation of capital gains or capital losses is described below under "*Capital Gains and Capital Losses*".

Redemption of Trust Units

The redemption of Trust Units in consideration for cash, property of the Trust or Redemption Notes, as the case may be, will be a disposition of such Trust Units for proceeds equal to the amount of such cash or the fair market value of such property of the Trust or Redemption Notes, less any portion thereof that is considered to be a distribution of the income of the Trust. Redeeming Trust Unitholders will consequently realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (less any portion thereof that is considered a distribution of the Trust's income) is greater (or less) than the Trust Unitholder's aggregate adjusted cost base of the Trust Units so redeemed and any reasonable costs of disposition.

For purposes of the Tax Act, the cost of any property distributed *in specie* by the Trust to a Trust Unitholder upon redemption of Trust Units will be equal to the fair market value of that property at the time of the distribution. The Trust Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Capital Gains and Capital Losses

Generally, one-half of any capital gain realized or deemed to be realized by a Trust Unitholder in a taxation year will be included in the Trust Unitholder's income for the year as a taxable capital gain. Subject to specific rules in the Tax Act, one-half of any capital loss realized or deemed to be realized by a Trust Unitholder in a taxation year is an allowable capital loss which is deducted from any taxable capital gain realized by the Trust Unitholder in the year of disposition. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided for in the Tax Act. Capital gains realized by a Trust Unitholder may affect a Trust Unitholder's liability for alternative minimum tax.

Proposed Amendments released on April 16, 2024 as part of Canada's 2024 Federal Budget propose to increase the proportion of a capital gain that would be included in income as a taxable capital gain, or the proportion of a capital loss that would constitute an allowable capital loss, from one-half to two-thirds, effective for dispositions on or after June 25, 2024 (the "**Budget Proposal**"). The Budget Proposal generally provides that the one-half inclusion of capital gains will continue to apply to individuals (other than trusts) up to a maximum of \$250,000 of net capital gains per year. For tax years that begin before and end on or after June 25, 2024, two different inclusion rates will apply and transitional rules will apply to separately identify capital gains and losses realized before and after that date. The Budget Proposal also contemplates adjustments of carried forward or carried back allowable capital losses to account for changes in the relevant inclusion rates. However, no draft legislation to implement the Budget Proposal (including transitional rules) has yet been publicly released by the Minister of Finance (Canada). **Trust Unitholders should consult their own tax advisors regarding the impact of the Budget Proposal in their particular circumstances.**

If a Trust Unitholder disposes of Trust Units, and the Trust Unitholder, the Trust Unitholder's spouse or another person affiliated with the Trust Unitholder (including a corporation controlled by the Trust Unitholder) has also acquired Trust Units of any series within thirty (30) days before or after the Trust Unitholder disposes of the Trust Unitholder's Trust Units (such newly acquired Trust Units being considered "substituted property"), the Trust Unitholder's capital loss may be deemed to be a "superficial loss". If so, the Trust Unitholder's loss will be deemed to be nil and the amount of the loss will instead be added to the adjusted cost base of the Trust Units which are "substituted property".

International Information Reporting Requirements

Under the terms of the intergovernmental agreement between Canada and the U.S. (the "**Canada-U.S. IGA**") to provide for the implementation of the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (or "**FATCA**"), and its implementing provisions under the Tax Act, the Trust will be treated as complying with FATCA and not subject to the thirty percent (30%) withholding tax if the Trust complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Trust will be required to identify and report information, including certain financial information, on accounts held by Investors that fail to provide information to their financial advisor or dealer related to their citizenship and residency for tax purposes and/or Investors that are identified as, or in the case of certain entities as having one or more controlling persons who are U.S. persons owning, directly or indirectly, an interest in the Trust, to the CRA. The CRA will in turn provide such information to the U.S. Internal Revenue Service (the "**IRS**").

The Trust will endeavor to comply with the requirements imposed under the Canada-U.S. IGA and its implementing provision under the Tax Act. However, if the Trust cannot satisfy the applicable requirements under the Canada-U.S. IGA or its implementing provisions under the Tax Act and is unable to comply with the requirements under FATCA, the Trust may be subject to U.S. withholding tax on U.S. and certain non-U.S. source income and gross proceeds. The Trust may also be subject to the penalty provisions of the Tax Act. Any potential U.S. withholding taxes or penalties associated with such failure to comply would reduce the value of the Trust's assets.

In addition, to meet the objectives of the Organisation for Economic Co-operation and Development Common Reporting Standards (the "**CRS**"), the Trust is required under the Tax Act to identify and to report to the CRA certain information (including residency details and financial information such as account balances) relating to investments held by Trust Unitholders or by the "controlling persons" of certain entities who are resident in a country other than Canada or the United States. The information would then be available for sharing with CRS participating jurisdiction in which the securityholder resides for tax purposes under the provision and safeguards of the Multilateral Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

7.6 Eligibility for Investment by Exempt Plans

Provided that the Trust is a "mutual fund trust" for purposes of the Tax Act at all relevant times, the Trust Units, when issued, will be a qualified investment under the Tax Act for Exempt Plans.

Notwithstanding the foregoing, an annuitant under a RRSP or RRIF, the holder of a TFSA, FHSA or RDSP, or a subscriber of a RESP, as the case may be, will be subject to a penalty tax if the Trust Units are held by and are a “prohibited investment” (as defined in the Tax Act) for the RRSP, RRIF, TFSA, RDSP, FHSA or RESP, as the case may be. The Trust Units will generally not be a prohibited investment for a RRSP, RRIF, TFSA, RDSP, FHSA or RESP if the annuitant, holder or subscriber of such plan deals at “arm’s length” with the Trust for the purposes of the Tax Act and such annuitant, holder or subscriber does not have a “significant interest” (within the meaning of the Tax Act) in the Trust. Trust Unitholders should consult their own tax advisors as to whether the Trust Units will be a prohibited investment in their particular circumstances.

Property of the Trust, Redemption Notes, LP Units or any other securities received as a result of a distribution or redemption of Trust Units will not be a qualified investment for Exempt Plans, which may result in adverse tax consequences to an Exempt Plan or the annuitant, holder or subscriber thereof. Trust Unitholders holding Trust Units in an Exempt Plan should consult with their own tax advisors prior to redeeming their Trust Units to determine the tax consequences to them of a redemption satisfied by property of the Trust, Redemption Notes, LP Units or any other securities.

ITEM 8 - SELLING AGENTS AND COMPENSATION PAID TO SELLERS AND FINDERS

The Trust will sell Offered Units under the Offering through agents that are: (a) exempt market dealers registered under applicable securities laws in Canada, including the Manager; or (b) investment dealers that are registered under applicable securities laws in Canada.

The commissions set out in the table below will be payable by the Partnership.

Series of Unit	Commissions
Series A Units	A trailing commission of up to 1.0% per annum
Series C Units	An up-front commission of up to 4.0% of the gross proceeds realized on the sale of the Series C Units sold under the Offering A trailing commission of up to 1.5% per annum
Series F Units	No commission

The trailing commissions set forth above are calculated on the Net Asset Value of the Corresponding LP Units of the applicable Trust Units. The trailing commissions are calculated at the beginning of each fiscal quarter and payable in respect of Trust Units sold by a selling dealer to a person that remains a holder of such Trust Units at the end of each applicable fiscal quarter.

Agents appointed by the Trust to sell Offered Units will also be reimbursed for reasonable expenses incurred in connection with the Offering.

No agent appointed by the Trust to offer Offered Units for sale under the Offering will receive any benefit in connection with the Offering other than its portion of Selling Commissions payable to it as agent for the Offering as described herein, provided that the Manager may pay additional fees to agents that introduce Investors to the Trust or the Partnership.

The Trust is a connected issuer and related issuer of the Manager, Caplink Financial Corporation. Caplink Financial Corporation acts as the Manager of the Trust and the Partnership and also owns all of the shares of the General Partner. Brian Menges beneficially owns, or has control or direction over, directly or indirectly, all of the shares of the Manager. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**.

ITEM 9 - RISK FACTORS

An investment in the Offered Units is highly speculative and involves a number of risks, including due to the nature of the Trust’s and the Partnership’s business, the risks inherent in the Partnership’s investment strategies and the fact that the Trust and the Partnership have limited operating history. The purchase of Offered Units pursuant to the Offering should only be made after consulting with independent and qualified investment, legal and tax advisors. Prospective Investors should review the risks associated with the Offered Units and the Fund with such advisors before investing. The subscription price per Offered Unit was determined arbitrarily by the Fund and may be changed in the future.

The risks discussed in this Offering Memorandum can adversely affect the Trust’s and/or the Partnership’s prospects, results and financial condition. These risks could cause the value of the Offered Units to decline, the Trust to be unable

to pay distributions on the Offered Units, and Investors to lose part or all of their investment. In addition to the risk factors set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Trust is not presently aware may also harm the Trust's business and its investments.

Only Investors who are willing to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Manager and the General Partner, who do not require immediate liquidity of their investment and who can afford a total loss of their investment should consider the purchase of Trust Units.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Investors should carefully consider the following factors, many of which are inherent to the ownership of Offered Units. The following is a summary only of the risk factors involved in an investment in the Offered Units.

9.1 Investment Risk

Risks that are specific to the Offered Units include the following:

No Guarantee that Eligible Investments will be Successful

There is no guarantee that Investors will not realize losses from an investment in the Offered Units and there can be no assurance that the Fund's investment strategy will be successful or that the Fund's objective of earning a profit on its investment in the Eligible Investments, indirectly through the Mortgage Entities, will be achieved. The success of the Trust and the Partnership depend on the efforts and abilities of the Manager, Affiliated MLOs and on external factors such as, among other things, the real estate market, bank interest rates, changes to applicable laws and the general political and economic conditions that may prevail from time to time, which factors are out of the Manager's and the Affiliated MLOs' control. A return on investment for an Investor in Offered Units depends upon the net revenues received by the Mortgage Entities from their investments in Eligible Investments. As a result, there is no guarantee that the Trust and, correspondingly, the Trust Unitholders will earn a return on their investment.

Partial Blind Pool Investment

The Offered Units represent a partial "blind pool" investment, meaning that other than the Eligible Investments and Enforcement Properties described herein, the investments to be made by the Partnership, indirectly with the proceeds of the Offering, have not yet been identified and Trust Unitholders will not have an opportunity to evaluate additional investments in which the proceeds of this Offering will ultimately be invested or the terms of such investment. See **Item 2.4.2 - Current Eligible Investments and Enforcement Properties**. The Trust expects that the available funds from the Offering will be applied by the Partnership to invest in Eligible Investments. While the Trust anticipates that the Partnership will be able to identify and invest in Eligible Investments on an on-going basis that satisfies the Partnership's investment and business objectives, there is no assurance that it will be able to do so. Even if investment opportunities are identified and the investment is determined to be in the best interest of the Partnership, the Partnership may not be able to finance the investment and additional funds may be required to complete the investment. If the Partnership is unable to identify and acquire suitable investments, its business, operating results and financial condition could be adversely affected. The Partnership will not have the earnings to support payment of distributions to holders of the LP Units (including the Trust) should its investments not prove to be profitable. In addition, if the Partnership makes only a limited number of Eligible Investments, the aggregate returns realized by the Partnership could be adversely affected in a material manner by the unfavourable performance of even a limited number of such Eligible Investments.

Cash Distributions are Not Guaranteed

There is no assurance that there will be adequate cash flow of the Fund to meet the anticipated obligations and economic objectives described in this Offering Memorandum. Individual Investor returns will vary from the total return target based on the timing of the Investor's investments and the series of units purchased. The ability of the Partnership to make distributions to the Trust, and accordingly, the ability of the Trust to make distributions on Trust Units, will be completely dependent upon the Partnership receiving payments from Eligible Investments. There can be no assurance that the Trust's income from the distributions on the LP Units held by it will sufficiently fund distributions (if any) to Trust Unitholders.

The return on an investment in the Offered Units is not comparable to the return on an investment in fixed-income securities

Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Trust. Any receipt of cash distributions by Trust Unitholders is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Trust intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Trust to make cash distributions and the actual amount distributed depends on the receipt of

distributions from the Partnership and the performance of the Eligible Investments acquired by the Mortgage Entities, and will be subject to various factors including those referenced below. The value of the Offered Units may decline if the Trust is unable to meet its cash distribution targets in the future and that decline may be significant.

Distributions May Consist of Proceeds of Offerings

The Partnership may make distributions on the LP Units from cash flow from the Mortgage Entities' investments, debt or capital. Although it is the Partnership's intention that distributions on the LP Units be primarily paid from cash flow from the Mortgage Entities' investments, in certain circumstances, payments and distributions may exceed the cash flow of the Mortgage Entities or the Partnership for any particular distribution period. In such circumstances, distributions to the Trust (and in turn the Trust Unitholders) may consist, directly or indirectly, of the proceeds from the sale of securities by the Trust (including this Offering) and the net asset value of the LP Units indirectly held by the Trust Unitholders will be affected.

Redemption Rights

Redemption rights under the Declaration of Trust are subject to certain restrictions. Investors should carefully review **Item 5.1.4 - Redemption and Retraction of Trust Units**. Once the Redemption Limit is reached, redeeming Trust Unitholders may receive from the Trust (in lieu of cash), Redemption Notes. Redemption Notes so issued will be unsecured debt securities of the Trust and may be subordinated to other of the Trust's debt obligations. Furthermore, Redemption Notes will not be qualified investments for Exempt Plans which could give rise to adverse consequences to an Exempt Plan or the annuitant, holder or subscriber under an Exempt Plan, including the redeeming Trust Unitholder becoming subject to a penalty tax or having its tax exempt status revoked depending on the circumstances. See **Item 7.6 - Eligibility for Investment by Exempt Plans**.

The Redemption Price payable to Investors redeeming Trust Units may be lower than the price per Trust Unit paid by the Investor for such Trust Unit, as a Trust Unitholder will receive a lower Redemption Price if such Trust Unitholder redeems his or her Offered Units within a certain period of time from the date of investment (depending on the series of Trust Unit held by the Trust Unitholder). This is intended to protect the Trust and existing Trust Unitholders from a reduction in the value of the Trust due to the payment of Selling Commissions and offering costs. There is no assurance that Investors will be paid the full amount of their investment through any exercise of redemption rights.

Subject to the unanimous approval of the Independent Trustees and on the advice of the Manager, the Trustees may also, as an extraordinary measure, from time to time, suspend the redemption of Trust Units or postpone the date of payment of redeemed Trust Units. See **Item 5.1.4 - Redemption and Retraction of Trust Units - Suspension of Redemptions** for examples of circumstances in which redemption of Trust Units may be suspended. Accordingly, an investment in Trust Units is only suitable for Investors who are able to make a long-term investment and do not need full liquidity with respect to this investment.

Substantial Redemption of Trust Units

Trust Unitholders have the right to redeem their Offered Units upon the terms outlined in the Declaration of Trust. A redemption of an Offered Unit will lead the Trust to make a demand for redemption of the Corresponding LP Unit. Accordingly, a substantial redemption of Offered Units will lead to the Trust redeeming a substantial amount of Corresponding LP Units, which may adversely affect the available capital required by the Partnership to carry out its investments and acquisitions.

Offered Units are Not Liquid

There is currently no market through which the Offered Units may be sold and it is very unlikely that one will develop. The Trust intends to restrict the transfer of Offered Units to prevent the development of a market for the Offered Units. None of the Offered Units will be listed or posted for trading on a recognized stock exchange or other trading or quotation system. The Trust has not prepared, filed or delivered to potential Trust Unitholders a prospectus. The Offered Units are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, Investors will not be able to trade the Offered Units unless they comply with an exemption from the prospectus under securities legislation.

Unless permitted under securities legislation, no Trust Unitholder can trade Offered Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada. The Trust is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore, the Offered Units will be subject to an indefinite hold period. The Offered Units may only be transferred under limited exemptions under applicable securities laws. Consequently, Trust Unitholders may not be able to sell the Offered Units readily or at all, and they may not be accepted as collateral for a loan. Trust Unitholders should be prepared to hold the Offered Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Under certain conditions, redemptions may not be payable in cash but rather, satisfied through the

distribution of Redemption Notes. There will be no market for Redemption Notes and Redemption Notes will not be qualified investments for Exempt Plans. Accordingly, an investment in Offered Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

Trust Units may only be transferred in accordance with applicable securities laws and the Declaration of Trust. The Declaration of Trust provides that no Trust Units are to be transferred without the written consent of the Manager (which consent may be unreasonably withheld) and otherwise in accordance with the Declaration of Trust.

Less than Full Offering

There is no minimum offering size. There can be no assurance that any particular level of subscription by Investors or any level of proceeds under the Offering will be reached. The Trust may issue and sell Offered Units under the Offering from time to time until the Offering is terminated. However, there can be no assurance that the Offering will provide funding that is sufficient to permit the Trust to invest in (indirectly through the Mortgage Entities) any Eligible Investment or to otherwise advance the business of the Trust and the Partnership, in whole or in part. Consequently, the Trust's business development plans and prospects could be adversely affected, since fewer Eligible Investments would be acquired.

Trust Unitholders have Limited Voting Rights

Trust Unitholders are NOT shareholders and do not enjoy the rights and privileges offered to shareholders under corporate statutes. The Trust is not generally regulated by established corporate law and Trust Unitholders' rights are governed primarily by the specific provisions of the Declaration of Trust. Subject to the Declaration of Trust, Trust Unitholders have rights to attend and vote at meetings of Trust Unitholders. However, the Trust may, but is not required to, hold annual meetings of Trust Unitholders or any Trust Unitholder meetings on a periodic basis.

The Trust Unitholders have no right to remove the Manager or to terminate the Management Agreement

Unlike an ABCA corporation, Trust Unitholders do not have the right to appoint the Trust's auditor. Rather, such right is held by the Manager.

See also **Item 5.1.7 - Rights of Trust Unitholders**.

Nature of the Trust Units

The Trust Units do not represent a direct investment in the Partnership or the Mortgage Entities or any Eligible Investment and should not be viewed by Trust Unitholders as a direct interest in the Fund or any Eligible Investment. The Trust Units are not debt instruments and there is no principal amount owing to Trust Unitholders under the Trust Units. The Trust is not generally regulated by established corporate law and Trust Unitholders' rights are governed primarily by the specific provisions of the Declaration of Trust. As holders of Trust Units, Trust Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to seek recourse under the oppression remedy or to bring a derivative action. See **Item 5.1.7 - Rights of Trust Unitholders**. Further, in the event of insolvency or restructuring under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), a Trust Unitholder's position may be quite different than that of a shareholder of a corporation.

Liability of Trust Unitholders

Notwithstanding certain provisions of the Declaration of Trust, there is a risk that a party may seek to assert that Trust Unitholders be held personally liable for the obligations of the Trust or in respect of claims against the Trust. Such risks are expected to be limited since the Trust intends to limit its investments to LP Units of the Partnership and the Trust does not intend to carry on any other business. However, there is no assurance that Trust Unitholders will not be personally liable for the obligations of the Trust.

Pursuant to the Declaration of Trust, if any Trust Unitholder is held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of the Trust, or any action taken on behalf of the Trust, such Trust Unitholder is entitled to indemnity and reimbursement out of the Trust assets to the full extent of such liability for all costs of any litigation or other proceedings in which such liability has been determined, including all fees and disbursements of legal counsel. The rights accruing to a Trust Unitholder do not exclude any other rights to which such Trust Unitholders may be lawfully entitled, nor does anything contained in the Declaration of Trust restrict the right of the Trustees to indemnify or reimburse a Trust Unitholder out of the Trust's assets in any appropriate situation not specially provided herein but, for greater certainty, the Trustees and the Manager have no liability to reimburse a Trust Unitholder for taxes assessed against them by reason of or arising out of his ownership of Trust Units.

Trust Unitholders will not have the benefit of the *Income Trusts Liability Act* (Alberta), as the Trust is not a reporting issuer as defined under the *Securities Act* (Alberta).

Trust Unitholders could also be required to return distributions previously made by the Trust if it is determined that such distributions were wrongfully made or, in certain other circumstances, under the terms of the Declaration of Trust. Where a Trust Unitholder has received the return of all or part of the amount contributed to the Trust, the Trust Unitholder is nevertheless liable to the Trust or, where the Trust is terminated, to its creditors for any amount not in excess of the amount returned with interest that is necessary to discharge the liabilities of the Trust to all creditors who extended credit or whose claims otherwise arose before the return of the contribution. Additionally, Trust Unitholders may have to return all or a portion of distributions made to them to the extent the Trust has an obligation to withhold any amounts from such distribution for tax purposes.

Inability to Remove or Affect Management of Manager or General Partner

Although the Trust Unitholders and Limited Partners have a right to remove Trustees and the General Partner, respectively, pursuant to the Declaration of Trust and the Partnership Agreement, which, in respect of the General Partner, may only occur in certain limited circumstances described in **Item 2.8.2 - Partnership Agreement - Withdrawal or Removal of the General Partner**, there is no guarantee that the Trust Unitholders will be able to meet the voting thresholds necessary to do so.

Furthermore, the Trust Unitholders do not have a right to appoint new directors to the General Partner's or the Manager's board of directors, to remove existing directors from the General Partner's or the Manager's board of directors or to prevent a change of control of the General Partner or the Manager. As a result, unlike shareholders of most corporations, Trust Unitholders do not possess a general mechanism to influence the direction of the Trust or the Partnership, including their policies and procedures, or to cause a change in their management, even if they are unsatisfied with the performance of the Trust or the Partnership.

Trust Units are Not Insured

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation or any other insurance company or program.

Non-Cash Distributions

To the extent amounts of income of the Trust or net realized capital gains of the Trust for a particular taxation year are not paid in cash, such amounts shall be paid at the end of the taxation year by the issuance of additional Trust Units at the fair market value of such Trust Units, as determined in the reasonable discretion of the Trustees or the Manager, computed at the end of such taxation year. Unless the Trustees or the Manager determine otherwise, Trust Units so issued will be automatically consolidated immediately after the issuance such that the Trust Unitholders will hold the same number of Trust Units after the consolidation as they held prior to the distribution of additional Trust Units. No notice to Trust Unitholders shall be required for such consolidation.

Notwithstanding the foregoing, where tax is required to be withheld in respect of a Trust Unitholder's share of the distribution, the Trust shall withhold from the cash portion of such distribution, if any, or the Trust Unitholder shall make a cash payment to the Trust, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by the Trust, or, if such withholding cannot be made by the Trust or such payment is not made by the Trust Unitholder, then the Trust shall be entitled to deduct such amount from any subsequent cash distribution from the Trust to such Trust Unitholder.

Income Tax Risks

Canadian federal, provincial and local tax aspects should be considered prior to purchasing Offered Units under the Offering. Prospective Investors of Offered Units are urged to consult their own tax advisors with respect to the specific tax consequences to them of investing in Offered Units. No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum.

There can be no assurance that Canadian federal income tax laws or the judicial interpretation thereof or the administrative or assessing practices of the CRA respecting the treatment of trusts or limited partnerships will not be changed in a manner that adversely affects Trust Unitholders or fundamentally alters the income tax consequences of investing in, holding or disposing of the Trust Units.

It is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. If such challenge were to succeed, it could have a material adverse effect on the tax position of the Trust and Trust Unitholders.

It is possible that the Trust could become a “SIFT trust” for the purposes of the Tax Act if the Trust Units become listed for trading or if a public market is created on which the Trust Units are traded. If the Trust became a “SIFT trust”, adverse tax consequences could result to the Trust and the Trust Unitholders. There is no intention to list the Trust Units.

The Tax Act imposes penalties on Exempt Plans or holders, annuitants and subscribers of certain Exempt Plans for the acquisition or holding of non-qualified investments. While the Trust Units are expected to be a qualified investment for a trust governed by a TFSA, RDSP, RRSP, RRIF, FHSA or RESP, the holder, annuitant or subscriber thereof will be subject to a penalty tax in respect of Trust Units held in a trust governed by such an Exempt Plan if such Trust Units are a “prohibited investment” for the purposes of the Tax Act.

The possibility exists that a Trust Unitholder will receive distributions of income without receiving cash distributions from the Trust in the year sufficient to satisfy the Trust Unitholder’s tax liability for the year arising on such income.

See Item 7 - Income Tax Consequences and Exempt Plans Eligibility.

U.S. Withholding Tax Risk

Generally, FATCA imposes a thirty percent (30%) withholding tax on “withholdable payments” made to an investment entity, unless the investment entity enters into a FATCA agreement with the IRS (or is subject to an intergovernmental agreement as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will in certain cases require an investment entity to obtain certain information from certain investors and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to disclose such information, including account balances, and documentation to the IRS.

Under the terms of the Canada-U.S. IGA, and its implementing provisions under the Tax Act, the Trust will be treated as complying with FATCA and not subject to the thirty percent (30%) withholding tax if the Trust complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Trust will not have to enter into an individual FATCA agreement with the IRS but the Trust will be required to report information, including certain financial information, on accounts held by Investors that fail to provide information to their financial advisor or dealer related to their citizenship and residency for tax purposes and/or Investors that are identified as, or in the case of certain entities as having one or more controlling persons who are, U.S. persons owning, directly or indirectly, an interest in the Trust to the CRA. The CRA will in turn provide such information to the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in the Trust, the Investor is deemed to consent to the Trust disclosing such information to the CRA. If the Trust is unable to comply with any of its obligations under the Canada-U.S. IGA, the imposition of the thirty percent (30%) U.S. withholding tax may affect the value of the Trust’s assets and may result in reduced investment returns to Trust Unitholders. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of the Trust.

Withholdable payments include certain U.S. source income (such as interest, dividends and other passive income). Under proposed regulations, withholdable payments no longer include gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends, and FATCA withholding on “foreign passthru payments” is delayed to no earlier than two years after issuance of final regulations defining the term “foreign passthru payment”. Taxpayers may rely on the provisions in the proposed regulations addressing gross proceeds and foreign passthru payment withholding until final regulations are issued.

The foregoing rules and requirements may be modified by future amendments of the Canada-U.S. IGA, and its implementation provisions under the Tax Act, future U.S. Treasury regulations, and other guidance.

No Review of Offering Memorandum by Regulatory Authorities

Investors will not have the benefit of a review of this Offering Memorandum, the Declaration of Trust or any other documents in relation to the Offering by any regulatory authorities.

No Independent Counsel for Trust Unitholders

Legal counsel that assisted in preparing the documentation in connection with the Offering, including the Declaration of Trust, acted as legal counsel for the Trust. No independent counsel was retained on behalf of the Trust Unitholders. There has been no review by independent counsel on behalf of the Trust Unitholders of this Offering Memorandum, the Declaration of Trust or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Trust Unitholders by Counsel.

Series Risk

The Trust will use the proceeds of the Offering of the Offered Units to purchase the Corresponding LP Units. The relative interest of each series of LP Unit will be determined based on the Net Asset Value of each series of LP Units relative to the aggregate Net Asset Value of all series of LP Units. If there are insufficient assets attributable to a series of LP Units to pay expenses and liabilities allocated to such series, the assets attributable to other series may be used to make up the difference and this may reduce the returns realized by holders of LP Units of those other series of LP Units, including the Trust. This is because the Partnership as a whole is legally responsible for the financial obligations of all of its LP Units.

9.2 Issuer Risk

Risks that are specific to the Trust include the following:

Operational Dependence

The Trust is an investment trust that will entirely depend upon the Partnership since the Trust's primary asset is its interest in the Partnership as a Limited Partner. Distributions, if any, to Trust Unitholders will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins and capital expenditures of the Partnership.

The Eligible Investments will represent the primary asset of the Partnership. The Trust's financial performance is directly tied to the performance of the Partnership and consequently, directly tied to the performance of the Eligible Investments. Neither the Partnership nor the Trust has any other investments of significance. Therefore, the Trust's success depends solely on the success of the Partnership. The success of the Partnership depends, to a large extent, on the good faith, experience, ability and judgment of the management of the Manager and the General Partner to make appropriate decisions with respect to the operations of the Partnership. Investors must rely on the good faith, experience, ability and judgment of management of the Manager and the General Partner and an investment in Trust Units would not be appropriate for those unwilling to do so.

Reliance on the Manager and the General Partner

All decisions with respect to the assets and operations of the Fund are expected to be made exclusively by the Manager, the Trustees and the General Partner. The Trust does not have any employees and depends on the management and administration services provided by the Manager pursuant to the Management Agreement and also depends on the mortgage sourcing, origination and servicing services provided by the Affiliated MLOs pursuant to the Mortgage Administration Agreement. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**, **Item 2.8.2 - Partnership Agreement**, **Item 2.8.3 - Management Agreement** and **Item 2.8.4 - Mortgage Administration Agreement**.

Personnel and support staff of the Manager that provide services to the Fund are not required to treat their responsibilities to the Trust and the Partnership as their primary responsibilities or to act exclusively for the Fund. The Management Agreement does not require the Manager to maintain the employment of any of its personnel or to cause any particular person to provide services to the Trust or the Partnership. There can be no assurance that any of the personnel and support staff of the Manager will remain in their current positions. Any failure of the Manager to effectively manage the operations of the Fund or to implement their investment strategy could have a material adverse effect on their businesses, financial condition and results of operations.

Trust Unitholders will have no right to make any decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding the Fund's business and affairs. No prospective Investor should purchase Offered Units unless such prospective Investor is willing to entrust all aspects of the management of the Fund to the Manager and/or the General Partner.

Management's Experience is not Indicative of the Future Results of an Investment in Trust Units

While the officers and directors of the Manager and of the General Partner have experience in the sourcing, origination, servicing and administration of mortgage loans and managing mortgage investment corporations, there is no assurance that any success achieved by those individuals in their prior opportunities will be similarly enjoyed by the Fund.

Historical successes of past projects experienced by the officers and directors of the Manager and of the General Partner may have been based on different investment models and relate to mortgages secured by real property located in only one of the available jurisdictions for Eligible Investments. These historical successes cannot, and should not, be viewed as indicative of future performance of the Fund and the Offered Units and must not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in the Offered Units.

Lack of Negotiated Arrangements with the Manager

The terms of the Fund's arrangements with the Manager were effectively determined by the Manager. While the terms of these arrangements were approved by the Trustee and the General Partner, they did not negotiate the terms. These terms, including terms relating to (a) compensation, (b) contractual or fiduciary duties, (c) conflicts of interest, (d) the activities of the Trust and the Partnership and limitations on liability and indemnification, and (e) the Manager's ability to engage in outside activities, including activities that compete with the Fund, may be less favourable than otherwise might have resulted if the negotiations had involved unrelated parties.

Reliance on the Manager to Source Eligible Investments

The success of the Partnership depends, in part, on the ability of the Manager to source suitable mortgage loan opportunities from the Manager's pipeline of mortgage loans that meets the Fund's investment objectives and transfer such Eligible Investments to the Mortgage Entities. The Affiliated MLOs will offer to the Fund all potential investments that satisfy the Fund's guidelines with respect to borrower credit ratings, property types, property locations, Fund underwriting guidelines, and other loan characteristics and considerations. However, there is no obligation for the Fund to fund such potential investments, which may be subject to factors such as the availability of the Fund's investment capital and portfolio construction considerations. For greater certainty, there is no obligation for the Affiliated MLOs to offer potential investments that fall outside of the Fund's guidelines to the Fund. For example, prime rate mortgages, which compete directly with banks and other financial institutions, will not be offered to the Fund by the Affiliated MLOs in Canada and the U.S. because the interest rates charged by the Fund are higher than those charged by prime rate lenders. If the Manager does not provide or is otherwise unable to provide such Eligible Investments to the Fund for investment, the Fund's ability to achieve its investment objectives may be materially adversely affected. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**.

The Partnership and General Partner do not deal at arm's length with the Manager. As such, there is greater risk that transactions between the Partnership and the General Partner, on one hand, and the Manager, on the other hand, may be perceived as not taking place at fair market value. To address this risk, the Fund has established lending policies, practices and restrictions, the amendment of such guidelines are to be approved by unanimous approval of the Independent Board. See **Item 2.2.4 - Lending Committee and Policies, Practices and Restrictions - Lending Policies, Practices and Restrictions**.

Dependence on Staff and Key Personnel

The success of the Fund will depend on the continued service of personnel and support staff of the Manager, who are not obligated to remain employed with the Manager. In particular, the Manager, the Trust, the Partnership and the General Partner are highly dependent on Brian Menges, Colin Hu and Karen Riva to implement their respective business plans, including with respect to sourcing, originating and servicing Eligible Investments designed to suit the Fund's investment objectives, identifying potential Eligible Investments, negotiating the pricing and other terms originating the Eligible Investments and leveraging business relationships from the associated businesses to source Eligible Investments. The ability of the Fund to successfully implement its investment strategy will depend in large part on the continued employment and involvement of the support staff and key executives and the loss of their services or the failure to appoint qualified or effective successors in the event of such departure may materially adversely affect the business, financial condition and results of operations of the Mortgage Entities and the Partnership, and consequently the Trust. There can be no assurance that any of the key individuals of the Manager, Partnership, the General Partner or the Trust will remain in their current positions. While the Manager has obtained key-person life insurance for Brian Menges, having such coverage does not guarantee a satisfactory replacement will be found, if required. The Manager is currently working on creating depth in its management team to ensure that the loss of any one individual (through death, incapacity, retirement or resignation) will not cause a material adverse effect to the Fund.

Conflicts and Potential Conflicts of Interest

The directors and officers of the General Partner and the Trustees may also hold similar positions in other entities. Accordingly, there may be conflicts of interest if the interests of these persons or entities are inconsistent. The Partnership Agreement and the Declaration of Trust contain various provisions that modify the fiduciary duties that might otherwise be owed to the Trust, the Partnership and Investors, including when conflicts of interest arise. When resolving conflicts of interest, the Declaration of Trust and the Partnership Agreement do not impose any limitations on the discretion of the Independent Board or the factors which they may consider in resolving any such conflicts. In addition, the Partnership Agreement and the Declaration of Trust provide that the Trustees, the General Partner and their affiliates, including the Manager, do not have any obligation under the Partnership Agreement or the Declaration of Trust, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Trust, the Partnership or the Investors, provided that pursuant to the Mortgage Administration Agreement, the Manager is obligated to offer to the Fund all potential Eligible Investments that satisfy the Fund's guidelines. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**. The Declaration of Trust and the Partnership Agreement also allow the Trustee, the Manager and their affiliates, the General Partner's

affiliates, their respective partners, officers, directors, Trustee, shareholders, agents and employees, and the Independent Board (excluding the General Partner) to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description irrespective of whether: (a) such activities are similar to those activities of the General Partner, the Manager, the Partnership or the Trust; or (b) such businesses and activities directly compete with, or disfavor or exclude, the General Partner, the Manager, the Partnership or the Trust. Modifications to the fiduciary duties in the Partnership Agreement and the Declaration of Trust are detrimental to Investors because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty.

In addition to those discussed above, additional Conflicts of Interest Matters may arise.

Conflicts of Interest in Organizational Structure

The Fund's organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between Investors, on the one hand, and the Manager (or its principals) and the Affiliated MLOs, on the other hand. The Manager and the Affiliated MLOs have not agreed to commit to the Partnership any minimum level of dedicated resources for the pursuit of investment opportunities. In certain instances, the interests of the Manager and the Affiliated MLOs may differ from the interests of Investors, including with respect to the types of mortgage loan opportunities pursued, the timing and amount of distributions by the Trust and the Partnership, the reinvestment of returns generated by the Fund's investments, the use of leverage when sourcing Eligible Investments and the appointment of outside advisors and service providers. In addition, the Manager receives the Management Fee as consideration for services provided to the Fund pursuant to the Management Agreement and the Affiliated MLOs receive the Mortgage Administration Fee as consideration for services provided to the Partnership and the Mortgage Entities, as applicable, pursuant to the Mortgage Administration Agreement or other mortgage administration agreements that may be entered in the future. See **Item 2.1.8 - Relationship with the Manager and the Affiliated MLOs**, **Item 2.1.9 - Conflicts of Interest** and **Item 2.8.3 - Management Agreement**.

The Manager has sole authority to determine whether the Partnership will make distributions to Limited Partners (including the Trust) and the amount and timing of such distributions. The Fund's arrangements with the Manager may create an incentive for the Manager to take actions which would have the effect of increasing or decreasing distributions, which may be to the detriment of the Trust, the Partnership and the Investors. Furthermore, the Special Limited Partner, the sole shareholder of which is the Manager, is entitled to share in the returns generated by the Partnership's operations, which could create an incentive for the Manager to assume greater risks when making decisions than it otherwise would in the absence of such entitlement. See **Item 2.1.9 - Conflicts of Interest** for additional conflicts of interest created by the Fund's organizational and ownership structure.

Limited Liability of the Manager

Neither the Manager, nor its affiliates (other than the Trust and the Partnership), and their respective partners, officers, directors, trustees, shareholders, agents and employees have assumed any liability for the Trust or the Partnership. In addition, under the Partnership Agreement and the Declaration of Trust, the liability of the General Partner, and its affiliates, which includes the Manager, are limited to the fullest extent permitted by law, except to the extent there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such action or failure to act resulted from bad faith, fraud, wilful misconduct or breach of the standard of care, or in the case of a criminal matter, actions with knowledge that the conduct was unlawful. Furthermore, each of the Partnership and the Trust have agreed to indemnify the Manager, its affiliates and associates and each of their respective partners, officers, directors, trustees, shareholders, agents and employees, from and against any claims, liabilities, damages, losses, costs and expenses (including amounts paid by satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated that are incurred by any indemnified person and arise out of or in connection with the affairs of the Trust, the performance by such indemnified person of any of the Trustees' or the Manager's responsibilities or otherwise in connection with the matters contemplated by the Declaration of Trust, except to the extent that a court of competent jurisdiction determines pursuant to a final and non-appealable judgment that, in respect of such matter, the indemnified person acted in bad faith or engaged in fraud or willful misconduct or breached its standard of care in the performance of his duties, or in the case of a criminal matter, engaged in actions that the indemnified person knew to be unlawful. These protections may result in the Manager tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Manager is a party may also give rise to legal claims for indemnification that are adverse to the Trust, the Partnership and Investors. See **Item 2.8.1 - Declaration of Trust - Limitation of Liability and Indemnification**, **Item 2.8.2 - Partnership Agreement - Authority and Liability of the General Partner** and **Item 2.8.3 - Management Agreement - Indemnification and Liability of the Manager**.

Limited Operating History

The Trust has been recently formed and will carry on no business other than to:

- distribute Trust Units;
- invest proceeds from the issue and sale of Trust Units in the Partnership and hold LP Units of the Partnership; and
- pay distributions to Trust Unitholders in each distribution period pursuant to the Declaration of Trust.

The Partnership has a limited operating history. The past investment and operational performance of the Manager should not be construed as a guarantee or expectation of future results of the Trust, the Partnership, the Mortgage Entities or any Eligible Investments.

The Fund's business is subject to all the risks inherent in the establishment of a new business enterprise. There is no certainty that the Fund's business strategy will be successful. The likelihood of success of the Fund must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Fund fails to address any of these risks or difficulties adequately, its business will likely suffer. There is no assurance that the Fund can operate profitably.

The Trust has Limited Assets and Working Capital

The Trust is not expected to have assets other than the LP Units and will undertake no activities, other than as described in this Offering Memorandum (being the Trust's investment in the Partnership through the purchase of LP Units). The Eligible Investments will represent the primary assets of the Trust (through the Partnership and, in turn, through the Mortgage Entities). The Trust will not carry on an active business and will have limited sources of working capital. There is no assurance that the Trust will have adequate working capital to meet the anticipated requirements. In addition, there is no assurance that the Trust will have access to additional debt or equity financing when needed or at all, or on acceptable terms.

Financing

The available funds may not be sufficient to accomplish the Fund's proposed objectives and there is no assurance that alternative financing will be available on acceptable terms or at all. The Trust and the Partnership may depend upon future financing to fund its business objectives. The Trust and the Partnership may, to the extent available on acceptable terms, obtain institutional financing or other arm's length, third party financing to fund, in part, its objectives. There is no assurance that the Manager will be able to obtain sufficient loan proceeds for the Mortgage Entities to finance the Eligible Investments, or, if available, that the Manager will be able to obtain loans for the Mortgage Entities on commercially acceptable terms. In the absence of institutional financing, the number of Eligible Investments which the Fund is able to indirectly finance will decrease and the projected return from the ownership of Eligible Investments may be reduced. No alternate financing has been arranged for the Fund as of the date of this Offering Memorandum. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Fund will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum.

Variable Interest Rate Financing

Institutional lenders, such as banks and credit unions, may provide the Fund with lines of credit (including the credit facility of the Canadian Mortgage Entity) ("**LOC**") secured by the Eligible Investments. It is expected that the interest rate charged for such LOCs would be based on the relevant institution's prime lending interest rate ("**Prime Rate**") plus an additional interest rate spread. LOC financing is variable because the Prime Rate can change frequently and abruptly as it is tied to the Bank of Canada's target overnight rate, and that overnight rate can change up to eight times per calendar year. Management expects the loans provided by the Fund in respect of Eligible Investments to be fixed rate loans with one-year terms. Since such loans are fixed rate for one-year, any excessive exposure to variable rate LOCs could adversely affect the Fund such that: (i) the high cost of LOC interest would negate the benefit of leveraging the Eligible Investments whereupon Management would likely use the Fund's available investment capital to pay down the LOC, thereby limiting management's ability to invest in additional Eligible Investments; and/or (ii) if the Fund cannot pay down the LOC fast enough, the net yield to Trust Unitholders could be reduced as more of Fund's interest income from the Eligible Investments would be required to service the LOC. Given the current volatility in Prime Rates, the Fund will not make full use of LOCs currently available to it. As noted herein, while the maximum leverage limit of the Partnership is 3:1 pursuant to the Partnership Agreement, Management has determined that the Fund can leverage as high as 1:1. The Fund's initial leverage was 0.5:1, and its current leverage is 0.43:1, which Management believes to be appropriate given the Fund's average portfolio interest rate is over 11%.

Change of Control of General Partner

The General Partner may transfer its general partnership interest to a third-party in a merger or consolidation or in a transfer of all or substantially all of its assets without the consent of the holders of LP Units. Furthermore, at any time, the Manager, as the sole shareholder of the General Partner, may sell or transfer all or part of their shares in the General Partner without the approval of the holders of LP Units. If a new owner were to acquire ownership of the General Partner and appoint new directors or officers, it would be able to exercise substantial influence over the Fund's policies and procedures and affect the acquisition opportunities that the Fund pursues. Such changes could result in the Fund's capital being used to make acquisitions in which the Manager has no involvement or in making acquisitions that are not aligned with the Partnership's current investment criteria. The Partnership cannot predict with any certainty the effect that any transfer in the ownership of the General Partner would have on the price of the LP Units and Trust Units, the Trust's ability to raise capital or the Partnership's ability to make investments. As a result, the future of the Fund would be uncertain and their business, financial condition and results of operations may be materially affected.

Termination of Management Agreement and Mortgage Administration Agreement

The Trust Unitholders and LP Unitholders have no general ability to terminate the Management Agreement or the Mortgage Administration Agreement. Unless and until the General Partner is removed and replaced pursuant to the Partnership Agreement, the General Partner, as a subsidiary of the Manager, may be unwilling to terminate the Management Agreement or the Mortgage Administration Agreement, even if a default does occur in the manner described in the Management Agreement. If the Manager's performance does not meet the expectations of Investors, and the General Partner is unable or unwilling to terminate the Management Agreement or the Mortgage Administration Agreement, the price of the LP Units and the Trust Units could suffer.

Sale of Additional Securities

The Trust may issue additional Trust Units (including Offered Units), and the Partnership may issue additional securities (including LP Units), in the future. The authorized number of Trust Units for issuance by the Trust and the authorized number of LP units for issuance by the Partnership is unlimited. Such additional securities may be issued without the approval of Trust Unitholders, and may be issued in such number and for such price as is determined in the sole discretion of the Manager or the General Partner, as applicable. Trust Unitholders have no pre-emptive rights in connection with such additional issuances. It is not possible to predict the effect, if any, that future issuances of securities will have on the fair market value of the Offered Units. With any additional issuance of Trust Units by the Trust or LP Units by the Partnership, Trust Unitholders will experience dilution. Trust Unitholders who invest after a particular Eligible Investment is acquired will be entitled to receive the same distributions as a Trust Unitholder who invested before such Eligible Investment was acquired and will therefore be entitled to the equivalent benefits or disadvantages as each other Trust Unitholder.

Status of the Trust

The Trust is not a "mutual fund" or an "investment fund" for securities law purposes. As a result, some of the protections provided under such laws to those that invest in mutual funds or investment funds will not be available to Investors who invest in the Trust Units and certain restrictions imposed on mutual funds and investment funds under Canadian securities laws, including National Instrument 81-102 - *Investment Trusts*, will not apply to the Trust.

Securities Regulatory Risks

In the ordinary course of business, the Trust may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

Although the Manager has determined that the Trust is not a "mutual fund" or "investment fund" under applicable securities laws as the Trust has engaged the Affiliated MLOs to: (i) originate or otherwise secure mortgages on the Trust's behalf; and (ii) as agent for the Trust, administer the mortgages that the Affiliated MLOs so originate or otherwise secure for the Trust; it is possible that securities regulators may have a different interpretation of CSA Staff Notice 31-323 - *Guidance Relating to the Registration Obligations of Mortgage Investment Entities*, resulting in non-compliance with such staff notice and applicable securities laws.

Further, the Manager intends that the Trust be an "Operational MIE" for the purposes of the Designation Order. As such, the Trust would be designated not to be a non-redeemable investment fund and therefore has not endeavoured to comply with applicable securities laws applicable only to non-redeemable investment funds. There is a risk that

securities regulators may have a different interpretation of the Designation Order, resulting in non-compliance with such staff notice and the applicable securities laws.

While the Fund believes that its position regarding compliance with securities laws is appropriate and supportable, it is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Fund. There can be no assurance that applicable securities laws or the securities regulators' interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Fund.

Changes in Applicable Law

Legal, tax and regulatory changes may occur that can adversely affect the Trust, the Manager, the Partnership, the General Partner and the Trust Unitholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Trust or by the Trust Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Trust Unitholders.

Reliance on Assumptions

The Fund's investment objectives and strategy have been formulated based on the Manager's analysis and expectations regarding developments in the mortgage industry. Such analysis may be incorrect and such expectations may not be realized, in which event the Trust, through the Partnership, may not generate sufficient funds to pay the expected distributions.

Mutual Fund Trust Status

Should the Trust not qualify, or cease to qualify, as a mutual fund trust, the income tax considerations respecting the Trust would be materially different from those described in the summary under **Item 7 - Income Tax Consequences and Exempt Plans Eligibility** and adverse income tax consequences may result, including: (a) the Offered Units would cease to be qualified investments for Exempt Plans with the result that an Exempt Plan may become subject to a penalty tax (or other adverse consequences), the beneficiary of such Exempt Plan may be deemed to have received income therefrom or, in the case of an RESP, the RESP may have its tax exempt status revoked; (b) the Trust will be subject to alternative minimum tax under the Tax Act; (c) the Trust may be required to pay tax under Part XII.2 of the Tax Act; and (d) the Trust will cease to be eligible for the capital gains refund mechanism available to mutual fund trusts. The Trust may take certain measures in the future to the extent the Trust believes them necessary to ensure that it maintains its status as a mutual fund trust. These measures could be adverse to certain Trust Unitholders.

Risks Associated with the Level of Foreign Ownership

Currently, one of the conditions for the Trust to qualify as a mutual fund trust is that the Trust cannot reasonably be considered to have been established or maintained primarily for the benefit of Non-Resident persons. The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Declaration of Trust contains a limitation on Non-Resident ownership which provides that at no time may Non-Residents of Canada be the beneficial owners of more than forty-five percent (45%) of the outstanding Trust Units. The Declaration of Trust provides powers to the Manager to enforce this limitation, including by selling the Trust Units of a Non-Resident Trust Unitholder without their consent or requiring a Non-Resident Trust Unitholder to redeem its Trust Units. The exercise of the Manager powers to enforce such Non-Resident ownership limitation may have an adverse effect on one or more Trust Unitholders.

Additional Tax on Non-Resident Trust Unitholders

Net income of the Trust, other than certain net realized capital gains, paid or credited to Non-Resident Trust Unitholders will be subject to withholding tax under the Tax Act at a twenty-five percent (25%) rate, subject to reduction under an applicable income tax treaty. There can be no assurance that Canadian tax laws or international tax treaties will not be changed in a manner which adversely affects the rate of withholding on distributions of the Trust's capital and/or income. If the Trust ceases to qualify as a "mutual fund trust" for purposes of the Tax Act, Non-Resident Trust Unitholders may be subject to Canadian tax (subject to any treaty relief) on gains realized on a disposition of Trust Units if such Trust Units constitute "taxable Canadian property" as defined in the Tax Act (to the extent they are not otherwise liable for such tax).

Limited Liability

The limited liability of the Trust, as a Limited Partner, may be lost in certain circumstances, including where it takes part in the control or management of the business of the Partnership or through non-compliance with the Partnership Act.

In addition, Limited Partners may lose their limited liability to the extent the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province.

9.3 Risks Related to Acquisition of Eligible Investments

Risks that are specific to acquisitions and investments by the Fund include the following:

Timing for Investment of Available Funds

The time period for the full investment of net proceeds of the Offering is not certain. The timing of such investment will depend, among other things, upon the identification by the Fund of suitable Eligible Investments. There is a risk that the Fund may not be able to invest in Eligible Investments in the intended time frame and therefore, may not be able to generate sufficient funds to pay cash distributions on the LP Units, which will negatively impact the Trust's ability to pay distributions to the Trust Unitholders.

Anticipated Results from Eligible Investments May Not Be Met

The Fund will undertake investments in the ordinary course of business. Achieving the benefits of Eligible Investments depends in part on having the acquired, mortgages perform as expected. The realization of anticipated results and value from new Eligible Investments can be jeopardized from situations management of the General Partner and the Manager did not detect during the due diligence process.

Difficulty in Valuing Eligible Investments

Real estate appraisals are estimates of the market value of the properties secured by Eligible Investments and caution should be used in evaluating data with respect to appraisals. Appraisals are measures of value based on information gathered in the investigation, appraisal techniques employed, and reasoning (both quantitative and qualitative), leading to an opinion of value. The valuation of real estate is inherently highly subjective and imprecise and requires the use of techniques that are costly, time consuming and ultimately provide no more than an estimate of value. The analysis, options and conditions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecasts of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Manager may consult with accounting firms, investment banks and other third parties when needed.

Competitive Marketplace

The Fund competes with other individuals, corporations and institutions which currently provide similar mortgage financing, or are anticipating providing similar mortgage financing in a given region that the Fund operates or is anticipating operating in. Many of the entities with which the Fund may compete with are substantially larger than the Fund and possess greater financial, technical and marketing resources. Some competitors may have higher risk tolerances, different risk assessments, fewer investment restrictions, lower return thresholds, a lower cost of capital, or a lower effective tax rate (or no tax rate at all), all of which could allow them to consider a wide variety of investments and to bid more aggressively on investments than the Fund. Competition in the investment of future Eligible Investments also exists when the Fund attempts to grow through acquisitions from third-parties. An increase in the availability of investment funds in the general market, and a subsequent increase in demand for mortgage portfolios would have a tendency to increase the price for future bulk acquisitions of Eligible Investments and reduce the yields thereon. Furthermore, the Fund may lose investment opportunities in the future if it does not match terms offered by competitors. As a result of this competition, there can be no assurance that the Fund will be able to locate suitable Eligible Investments that meet the Fund's guidelines and its investment objectives, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its capital contributions.

9.4 Risks Pertaining to the Business

Risks that are specific to the business of the Fund include the following:

Changes in Real Estate Values

Real property fluctuates in value. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of mortgages on income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the

property, thereby affecting the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, disruptions to the credit and financial markets worldwide and local economic disruptions in areas where the borrowers of the mortgage loans are located may adversely affect the value of the real estate on which the Mortgage loans are secured and the ability of the borrowers to repay the mortgage loans and thereby negatively affect the Trust's business.

Mortgage Loans Are Secured Against Real Property

The Fund's mortgage loans will be secured by real property. All real property investments are subject to elements of risk. Real property value is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants, competition from other available properties and other factors. While independent appraisals are generally required before the Fund makes any mortgage loans, the appraised values provided therein, even where reported on an "as is" basis are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or leaseup improvements on the property providing security for the investment. There can be no guarantee 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 value of income producing real property may also depend on the creditworthiness and financial stability of the borrowers. The Fund's income and funds available for distribution to Trust Unitholders would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Fund or if the Fund was unable to acquire mortgages on economically favourable terms. On default by a borrower, the Fund may experience delays in enforcing its rights as lender and may incur substantial costs in realizing on its security.

Real property mortgages tend to be illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and for the perceived desirability of, mortgages. Such illiquidity may tend to limit the Fund's ability to vary its portfolio of Eligible Investments promptly in response to changing economic or investment conditions. If the Fund was required to liquidate its real property mortgages, the proceeds to the Fund might be significantly less than the total value of such assets on a going concern basis.

The Fund will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the properties of the Fund will not be able to be refinanced or that the terms of re-financing will not be as favourable as the terms of existing indebtedness.

Sensitivity to Interest Rates for Eligible Investments

It is anticipated that the value of the Fund's Eligible Investments at any given time may be affected by the level of interest rates prevailing at such time. The Fund's income will consist primarily of interest payments on the Eligible Investments comprising its portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the mortgage assets are based), the Fund may find it difficult to make a mortgage loan bearing acceptable rates. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Fund's business, financial condition and results of operations which in turn may adversely affect the Fund's ability to perform its obligations and its ability to maintain distributions on the LP Units (and accordingly, the Trust Units) at a consistent and desirable level. Due to the term of the Eligible Investments made by the Fund and the inability to accurately predict the extent to which the Fund's Eligible Investments may be prepaid, it is possible that the Fund may not be able to sufficiently reduce interest rate risk associated with the replacement of such Eligible Investments through new investments in Eligible Investments.

Risks Related to Mortgage Defaults

As part of the Manager's active management of the Fund's portfolio of Eligible Investments, among other strategies, 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. The Manager generally will do so if it believes that there is a very low risk to the Fund of not being repaid the full principal and interest owing on the mortgage loan. In these circumstances, however, the Fund is subject to the risk that the principal and/or accrued interest of such mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Fund during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset underlying the mortgage loan has fluctuated substantially due to market conditions, there is a risk that the Fund may not recover all or substantially all of the principal and interest owed to the Fund 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 impact the cash flows of the Fund during the period of enforcement. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Fund will be able to recover all or substantially all of the outstanding principal and interest owed to the Fund in respect of such mortgages by exercising its mortgage enforcement remedies. Should the Fund be unable to recover all or substantially all of the principal and interest owed to the Fund in respect of such mortgage loans, the returns, financial condition and results of operations of the Fund could be adversely impacted.

Subordinated Mortgage Loans

Some of the Eligible Investments in which the Fund will invest, directly or indirectly, may be considered to be riskier because the Fund may not have a first-ranking lien on the underlying property. When a lien on property is not first-ranking, it is possible for the holder of a senior-ranking lien, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the property to recover the loan. Certain enforcement proceedings may deprive subordinate lienholders of their interest in the property. If a property is sold and sufficient proceeds are not realized from such sale to pay off creditors who have prior liens, the holder of a subsequent lien may lose its investment or part thereof to the extent of such deficiency unless the holder can otherwise recover such deficiency from other collateral.

Mortgage Prepayment

Eligible Investments comprising the Fund's portfolio from time to time permit the borrower to prepay the principal amount. Any prepayment bonus or penalty may not fully compensate the Fund for the total amount of the return foregone had the Eligible Investment been held to term, and the Fund may not be able to redeploy the capital at the same interest rate.

Credit Risk, Foreclosure and Related Costs

The Partnership indirectly provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally have a higher risk and earn a higher rate of return than what institutional lenders may receive. Credit risk is inherent in the industry, however the Fund carefully monitors its portfolio of Eligible Investments to ensure credit risk and concentrations of risk are minimized. The risk is managed by the Fund's overall risk management framework, including monitoring credit exposures, obtaining appropriated security, conducting third party appraisals of the security obtained, and assessing the credit worthiness of counterparties, prior to committing to the Eligible Investment.

One or more borrowers could fail to make payments according to the terms of their loans, and the Mortgage Entity could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Mortgage Entity'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 such entity's rights as mortgagee. Legal fees and expenses and other costs incurred by the Mortgage Entity in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by the Fund.

Leases

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

Vacancy Risk

The Fund may be subject to certain tenant vacancy risks in respect of its Enforcement Properties. Vacancy rates can be affected negatively by increased supply of rental units or other negative economic factors in the Fund's core markets.

The Fund's operating results may be adversely impacted by a decline in revenues if its borrowers are unable to reliably make principal and interest payments as a result of any of the following: (i) borrowers are unable to maintain the existing occupancy levels; (ii) delays in re-letting units as vacancies arise; (iii) existing tenants experience financial difficulty and become unable to fulfill their lease commitments; or (iv) existing tenants of the borrower do not renew at the expiry of the lease term and such space cannot be re-leased.

Accordingly, the Fund's performance, indirectly, will always be affected by the supply and demand for residential accommodation in Canada, the U.S. and Mexico. The potential for reduced rental revenue exists in the event that the Fund's borrowers are not able to maintain their properties at a high level of occupancy, or in the event of a downturn in the economy, which could result ultimately in lower yields to the Fund and the Trust Unitholders.

Quality of Property Management

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

Concentration Risk

The Fund's current strategy is to primarily consist of mortgage investments and land lease investments. Consequently, the Fund is subject to risks inherent in investments in a single industry. Property secured by the mortgage investments and land lease investments of the Fund will be located in jurisdictions across multiple countries to relieve the Fund of overexposure to any specific market. If the mortgage industry in Canada, the U.S. and Mexico all experience a decline, such decline could impair the Fund's ability to make distributions to Limited Partners, including the Trust.

Foreign Ownership Exposure

The Fund expects to offer financing to non-resident foreign nationals who seek to own real estate in Canada, the U.S. and Mexico. The risk exists that the degree of regulatory oversight, liquidity and financial control exercised by governments and regulators in such jurisdictions may not be as effective and protective to foreign nationals as to citizens of those respective countries. Political, economic and social instability, which may result in the expropriation of assets or restrictions on payment of income or proceeds from the sale of the Fund's Eligible Investments, diplomatic developments or corruption in foreign countries could adversely affect the value of investments held by the Fund. Investments held by non-resident foreign nationals in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such investments. Furthermore, non-resident foreign nationals may have fewer local resources and limited ability to identify risks in foreign countries in which they wish to purchase property. As a result, there is a risk that fraud, scams or legal or title deficiencies may be undetected by borrowers. The Manager has in place due diligence procedures and a relationship with a reputable Mexican law firm which management believes will serve to mitigate certain risks described herein.

Cross-Border Risk

A substantial number of the Fund's Eligible Investments may be made in the U.S. and Mexico due to which it may face cross-border risks, including risks relating to staffing and managing cross-border investments, tariffs and other trade barriers, differing and potentially adverse tax implications, increased and conflicting regulatory compliance, and challenges caused by distance and cultural difference.

Licensing Risk

The Mortgage Entities may be required to apply for and maintain certain licenses and registrations to permit the Mortgage Entities to provide mortgage lending to borrowers in certain jurisdictions. There is no guarantee that the Mortgage Entities will obtain the necessary license or retain such license once it is awarded. Regulations and applicable laws must be adhered to by the applicable Mortgage Entity in order to maintain such licenses. The inability to obtain or maintain licenses required for lending in certain jurisdictions may prohibit or restrict the ability of the Mortgage Entities to acquire Eligible Investments in such jurisdictions.

Financing of Eligible Investments

The Fund has the discretion to incur indebtedness to fund Eligible Investments and will not exceed the maximum leverage limit of 1:1 determined by management. The Manager intends to partially finance its investment in Eligible Investments through new mortgage loan facilities or the assumption of existing facilities attached to such Eligible Investments. The use of financial leverage adds financial risk to any investment, including but not limited to the

following: (a) cash flow generated by the Eligible Investments may be insufficient to meet required payments of principal and interest; (b) payments of principal and interest on borrowings by the Eligible Investments may leave the Fund with insufficient cash resources to pay operating expenses and dividends/distributions; (c) if the Fund is unable to obtain committed debt financing or on unfavourable terms, the Fund may have difficulty generating adequate; (d) the Fund may not be able to refinance indebtedness on its assets at maturity due to company and market factors such as the estimated cash flow produced by the Fund's assets, the value of such assets, liquidity in the debt markets, and/or financial, competitive, business and other factors; and (e) if the Fund is able to refinance its assets, the terms of a refinancing may not be as favourable as the original terms of the related indebtedness. If the Fund is unable to refinance indebtedness on acceptable terms, or at all, the Fund may need to utilize available liquidity, which would reduce its ability to pursue new investment opportunities, or the Fund may need to dispose of one or more of its assets on disadvantageous terms, or raise funds causing dilution to existing securityholders. Furthermore, even if the Manager is successful in obtaining adequate loans for the Fund, the Eligible Investments may not be able to generate sufficient funds through its operations to service the loans. If a default occurs under any of the loans, one or more of the lenders could exercise its rights including, without limitation, to demand or cause the sale of one or more Eligible Investments.

Liquidity Risk

The Fund manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities. Typically, the Fund ensures that it has sufficient cash or liquid investments available to meet expected operating expenses for a period of thirty (30) days, excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the foreseeable future, the Fund anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its operating requirements, debt repayment obligations and will provide sufficient funding for anticipated capital expenditures. However, the occurrence of events that are beyond the control of the Fund, including natural disasters, may affect the cash flow of the Fund, and in turn may result in the Fund being unable to meet its financial obligations as they become due.

General Economic Conditions

The Trust, the Partnership and the Eligible Investments are subject to changes in North American economic conditions, including but not limited to, recessionary or inflationary trends, capital market volatility, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, corporate taxation and overall consumer confidence. These factors negatively impact company valuations and may impact the value of real estate properties. In addition, rental rates could decline, tenant bankruptcies could increase and tenant renewals may not be achieved, particularly in the event of an economic slowdown. A return of any of these negative economic events could have a material adverse effect on the business, financial condition, results of operations and cash flows of Trust, the Partnership and the Eligible Investments.

According to the Bank of Canada's 2024 Financial Stability Report,³ the global economic and financial environment has been impacted by a further decline in inflation in advanced economies and a reduction in the risk of a major recession. However, geopolitical tensions have increased. Volatility and liquidity in bond markets have improved, but volatility remains higher and liquidity remains lower than before central banks began increasing their policy rates. Financial system participants have taken steps to enhance their resilience in the face of higher interest rates and these actions are reducing the risks to individual borrowers and lenders as well as to overall financial stability. Markets have continued to function well. Furthermore, oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities and geopolitical instability in certain oil-producing regions. Notwithstanding various actions by governments, concerns remain about the general condition of the real estate markets, capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors negatively impacted company valuations, impacted the performance of the global economy, contributed to inflationary pressures and restricted access to capital and increased borrowing costs as a result of increased interest rates. Furthermore, economic conditions in Canada may be affected, directly or indirectly, by political events throughout the world that cause disruptions in the financial and commodity markets, such as Russia's invasion of and the on-going war in Ukraine, unrest in the Middle East and any restrictive actions that are or may be taken by Canada, the United States and other countries in response thereto, such as sanctions or export controls. Any such negative impacts could have a material and unforeseen adverse effects on the business, financial condition, results of operations and cash flows of the Trust, the Partnership and the Eligible Investments.

Refinancing Risk

There is no certainty that when any of the Fund's Eligible Investments mature that a borrower will be able to procure appropriate replacement mortgage financing to pay out the Fund's mortgage. If the borrower is unable to refinance the

³ Financial Stability Report – 2024. Bank of Canada. <https://www.bankofcanada.ca/2024/05/financial-stability-report-2024/>. Accessed May 29, 2024.

Fund's existing indebtedness, the Fund may need to foreclose on that mortgage and do so on disadvantageous terms. Such enforcement of security, especially during difficult economic times, could decrease the return to Trust Unitholders.

Management of Growth

The Fund may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Fund to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Fund to deal with this growth may have a material adverse effect on the Fund's business, financial condition, results of operations and prospects.

Increase in Operating Costs

The Fund's operating margins can be negatively impacted from increases in operating costs such as institutional financing costs, insurance premiums, foreclosure costs, capital raising costs, professional fees and others costs due to various factors such as the need for governments to raise funds, natural disasters, disease, epidemic or pandemics, commodity and energy prices.

Use and Dependency on Information Technology Systems

The Fund's business is heavily dependent on the use of information technology systems and other technology, such as telecommunications networks and computer systems used for information storage, processing, administrative and commercial functions, as the majority of its new customers communicating and transacting with the us electronically or over the phone. Commerce over the internet and the nature of our business requires us to retain private and confidential information about our customers. Significant aspects of these systems are centrally managed, such as our financial information and some are managed by third-party vendors and cloud-based services. In addition, the Manager uses software to determine the rent and rate increases for the units of the Eligible Investments. The Fund will rely on this technology functioning as intended.

There is a risk that information systems and technology may not continue to be able to accommodate the growth of the Fund, and the cost of maintaining such systems may increase from its predicted levels. A failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on the Fund.

Data Security and Privacy Breaches

The cybersecurity risks faced by businesses that use and depend on information technology system have increased in recent years due to the proliferation of cyber-threats that target computers, information systems, software, data and networks. Cyber-threats include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, telecommunication failures, shut-downs, the introduction of computer viruses / worms, and other malicious codes such as "ransomware", and fraudulent "phishing" emails that seek to misappropriate data and information or install malware on users' computers. Cyber-threats and cyber-attacks vary in technique and sources, are persistent, frequently change and are increasingly becoming more sophisticated and targeted. Given the use of emerging technologies, such as advanced forms of AI and quantum computing, cyber-threats and cyber-attacks have become increasingly more difficult to detect and prevent. The potential effects of cyber-threats or cyber-terrorism include the theft or loss of data, unauthorized access to, and disclosure of, confidential personal and business-related information, service disruption, remediation costs, increased cybersecurity costs, lost revenue, litigation and reputational harm, all of which can materially affect the Fund. As the Manager must collect certain sensitive financial information about borrowers as part of its due diligence and underwriting procedures, a cyber-attack may have dire consequences for the Fund's borrowers. The Manager monitors security threats to its information technology systems and implements measures to manage these threats; however the risk cannot be fully mitigated due to the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats. Cyber incidents may also remain undetected for an extended period, which could exacerbate the consequences aforementioned.

Covenants and Risk of Default

The mortgage loan instruments attached to the Eligible Investments may require the Fund to operate within certain covenants, including financial covenants with respect to leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and distribution limitations (on the investment vehicle level). If the Fund or the Mortgage Entities violate any of the covenants or otherwise default under these instruments, then the Fund's lenders could declare all indebtedness under these facilities to be immediately due and payable which would have a material adverse effect on the Fund's business and could require the Fund to sell Eligible Investments under distressed conditions and/or seek replacement financing on substantially more expensive and/or unfavourable terms.

Reputational Risk

The growth of the business of the Fund depends on the business relationships of the Manager, the Trust and the Partnership and the Manager's, the Fund's brand and reputation. Poor performance of any kind of the Trust, the Partnership or the Eligible Investments could hurt the "Caplink" brand and reputation with potential investors and make it more difficult for the Fund to raise new capital. Reputational damage could arise from allegations of misconduct from private litigants or regulators, whether the allegations are valid or invalid and whether the outcome is favourable or unfavourable. Such allegations may result in negative publicity and press speculation about the Manager, the Trust, the Partnership, their investment activities or the real estate markets in general, in each case potentially harming the Fund's business and the "Caplink" brand.

Risks upon Disposition of Eligible Investments

In connection with the disposition of an Eligible Investment, the Fund may be required to make standard representations about the business and financial affairs of such Eligible Investment. It may also be required to indemnify the purchasers of such Eligible Investment to the extent that any such representation turns out to be inaccurate. These arrangements may result in contingent liabilities of the Fund, which might ultimately have to be funded by the Limited Partners (including the Trust) to the extent that such contingent liabilities exceed the reserves and other assets of the Partnership and such Limited Partners (including the Trust) have received prior distributions from the Partnership.

Workforce Availability

The Fund's ability to provide services to its existing and prospective borrowers will be somewhat dependent on the availability of well-trained employees to service and maintain Eligible Investments. As the Fund depends on the Manager to provide management and administration services, the Manager must also balance requirements to maintain adequate staffing levels with overall costs.

Trademark Risks

The Partnership uses the name "Caplink" under licence from the Manager. If the Management Agreement is terminated, the Fund will be required to immediately cease (a) using "Caplink" and all related names and logos or any variation of any of them or anything which in the opinion of the Manager, acting reasonably, is substantially or confusingly similar to such names or logos; and (b) using or displaying, in any signage or any other manner whatsoever, any trademarks, service marks, trade names, business names, domain names, logos or other indicia of origin used or held by the Manager, Caplink Capital Group Inc., Caplink Mortgage Corporation or their affiliates. See **Item 2.8.3 - Management Agreement**. Accordingly, if the Management Agreement is terminated, that will require the Fund to change its name and the name under which it operates its business, which could have a material adverse effect on the Partnership's business.

The Manager has trademarked two brand names. Both the name and logo for "Caplink" have been trademarked in Canada. The name "InversaTerm" has been trademarked in the U.S. and a trademark application is pending in Canada. However, even though trademark registrations were obtained or are pending for "Caplink" and "InversaTerm", the Manager may not be able to maintain or enforce such registrations, or prevent dilution of its trademark. Third parties may attempt to register trademarks, operate business activities, register domain names utilizing the "Caplink" name or logo or the "InversaTerm" name, or similar, in Canada or in other jurisdictions, which the Manager may not be successful in preventing or opposing. There may also be existing unregistered common law marks with a similar or identical name or logo that may compete with or dilute the goodwill in the "Caplink" name or logo or the "InversaTerm" name. Third parties may also initiate trademark infringement, passing-off, or cancellation proceedings against the Caplink group of companies to prevent the Fund from the use of the "Caplink" name, logo, and/or domain name or the "InversaTerm" name.

Regardless of the merits or eventual outcome of any of the above proceedings, any such proceedings may result in: injury to the "Caplink" brand and reputation; costs to defend and/or initiate the proceedings or related litigation; a diversion of management's time and resources; and may result in a corporate name change or domain name change, which could have a material adverse effect on the Fund's business. The Manager has taken measures to minimize the above-mentioned risk including, reached an agreement in principle with the use of "Caplink" logo between the Fund and an existing business with a similar name or branding. There is no certainty that the Fund will be able to reach agreements with other existing businesses with a similar or identical name or logo, or is aware of all such other existing businesses.

Environmental Risks

Various municipal, provincial and federal laws and regulations may result in penalties or potential liability for remediation to the extent that hazardous or toxic substances are under or in such property, regardless of whether the Fund knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic

substances, or the failure to remove or remediate such substances, if any, could adversely impair the Fund's ability to finance or sell the property, and might expose the Fund to civil law suits. To mitigate such risk, the Fund requests recent or updated environmental reports or environmental audits for all commercial mortgage investments to ascertain the risk, if any, that may exist at an Eligible Investment. Although such environmental reports, environmental audits and contractual restrictions provides the Fund with some assurance, the Fund may be subject to liability for undetected pollution or other environmental hazards on its properties against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the General Partner's perception of relative risk.

Climate and Natural Disasters

The occurrence of unpredictable and severe weather conditions may have adverse impacts on the Fund's investments and financial condition. Severe weather conditions and natural disasters may negatively impact, among other things, land values, rates of default, capitalization rates, foreclosure rates and insurance costs and may require rehabilitation costs for damaged properties or cause delays in the completion of projects that may directly or indirectly be part of the Fund's investment portfolio. Natural disasters, such as floods, earthquakes or severe winter storms may result in damage and business interruption losses that are greater than the aggregate limits of the insurance coverage of the Fund. The Fund maintains comprehensive insurance policy to cover such events, however, some insurance coverage may be or become unavailable or cost prohibitive.

Currency Exchange Rate Risk

Although Trust Unitholders invest in Canadian dollars and receive distributions in Canadian dollars, a portion of the business of the Fund is conducted outside Canada. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. As a result, the value of an investment, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada / U.S. dollar exchange rates, and the value of such investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors are subject to currency exchange rate risk.

Currency exchange rate risk is a risk commonly associated with foreign property investment. The mortgage capital funding Eligible Investments is sourced in Canadian dollars while some of the real estate being financed in the U.S. and Mexico is denominated in U.S. dollars. This risk is mitigated by the Fund funding its mortgages in Canadian dollars with the borrower converting Canadian dollars to U.S. dollars in order to complete their transaction. The loan is repaid in Canadian dollars, which helps both the borrower and the Fund avoid fluctuations in exchange rates for monthly mortgage payments, but does not relieve the Fund of this risk should it foreclose on, and take title to, a U.S. or Mexican property at a time when the Canadian dollar's value has increased relative to the U.S. dollar. Such a situation could result in the sale of the real estate securing the Fund's mortgage providing insufficient funds to repay the loan made in Canadian dollars in full. Such risk of loss is mitigated by the following: (i) the Fund provides mortgage loans at lower loan-to-value ratios so there is sufficient equity in the security to offset such potential value discrepancies; (ii) if the sale of a repossessed property would incur a currency-related loss, the Enforcement Property could be held and rented out by the Fund until such time as the U.S. dollar made a recovery relative to the Canadian dollar; and (iii) the Fund's portfolio of Eligible Investments is a pooled portfolio, which is designed to withstand occasional losses arising from defaulted mortgages.

Another mechanism the Fund may use to mitigate, but not eliminate, the adverse effects of a decline in the U.S. dollar versus the Canadian dollar is through entering currency hedging transactions. U.S. dollar denominated Eligible Investments may be hedged by way of foreign exchange swaps with maturities of approximately one month, or such other term determined by the Manager for the maximum benefit of Trust Unitholders.

Disease Outbreaks May Negatively Impact the Performance of the Fund

A local, regional, national or international outbreak of a contagious disease, including, but not limited to, coronavirus (including COVID-19), Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness could result in: a general or acute decline in economic activity in the regions the Fund operates in, a decrease in the willingness of the general population to travel, staff shortages, adverse impacts on the tenants' employment and/or businesses who rent from the Fund's borrowers and thereby impacting the ability of the borrowers to meet their payment obligations, mobility restrictions and other quarantine measures, supply shortages, risks to employee health and safety increased labor and fuel costs, increased government regulation and restricted access to courts thereby encumbering the Fund's ability to bring forward any enforcement rights it might want to assert and the ability of borrowers to bring forward any eviction rights on defaulting tenants.

Changes in Applicable Laws

The Fund's operations must comply with numerous federal, provincial and municipal laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and

regulations may include lending, licensing, property and other laws generally applicable to business operations. Non-compliance with laws could expose the Fund to liability. Lower revenue growth or significant unanticipated expenditures may result from the Fund's need to comply with changes in applicable laws.

Uninsured Losses

The Fund and/or the Manager will carry comprehensive general liability, mortgage impairment insurance, cyber security insurance, officers and directors insurance, and other insurances as it deems appropriate. However, there are certain types of risks, generally of a catastrophic nature, such as wars, terrorist attacks or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the Fund could lose its investment in, and anticipated profits and cash flows from, one or more of its Eligible Investments.

From time to time the Fund may be subject to lawsuits as a result of the nature of its business. The Fund intends to maintain business and property insurance policies in amounts and with such coverage and deductibles as are deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. However, there can be no assurance that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the Fund that is not covered by, or in excess of, the Fund's insurance could materially affect the Fund's operating results and financial condition, which would have an adverse effect on the Fund. Claims against the Fund, regardless of their merit or eventual outcome, will require the management of the Fund to devote time to matters unrelated to the operation of the business.

General Litigation Risk

In the normal course of the Fund's operations, whether directly or indirectly, it may become involved in, named as a part to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Fund and as a result, could have a material adverse effect of the Fund's investments, liabilities, business, financial condition and results of operations. Even if the Fund prevails in any such legal proceedings, the proceedings could be costly and time consuming and may divert the attention of the General Partner, the Manager and key personnel from the Fund's business operations, which could have a material adverse effect on the Fund's business, cash flow, financial condition and results of operations and ability to make distributions to holders of LP Units, including the Trust.

Artificial Intelligence

The rapid advancement and integration of Artificial Intelligence ("AI") in the mortgage industry may adversely impact on the Fund's ability to compete and operate in our current markets and cause our operating results to suffer. As AI technologies evolve, products and services that do not incorporate or adapt to these advancements may quickly become outdated, leading to potential financial losses for traditional businesses. Moreover, the emergence of new, disruptive companies leveraging AI can pose a competitive threat to us in the market. These newcomers, unencumbered by legacy systems or traditional business models, have the potential to swiftly gain market share, redefine industry dynamics, introduce novel products and systems and do so at lower costs. The unpredictable nature of AI development and its impacts on the mortgage market further contribute to uncertainties, making it challenging to anticipate and navigate potential disruptions. To mitigate these risks, the Manager aims to continuously innovate, and proactively embrace AI to stay competitive in this evolving landscape.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing the Trust Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before deciding to invest in the Trust Units.

ITEM 10 - REPORTING OBLIGATIONS

The fiscal year end of the Trust and the Partnership is December 31. The Trust will send to Trust Unitholders (or make available if sending is not required by applicable laws) within one hundred and twenty (120) days after the end of each fiscal year (or within such shorter time as may be required by applicable securities law): (a) the audited annual financial statements of the Trust and the Partnership for such fiscal year prepared in accordance with IFRS; and (b) so long as required by applicable securities laws, a notice of the Trust disclosing in reasonable detail the use of the aggregate gross proceeds raised by the Trust under Section 2.9 of NI 45-106.

The Trust shall send to Trust Unitholders (or make available if sending is not required by applicable laws) a notice of specified events under subsection 2.9(17.20) of NI 45-106.

On or before March 15 in each year (or such other date as may be required under applicable law), the Trust will provide to each Trust Unitholder who received distributions from the Trust in the prior calendar year, such information regarding the Trust as is required by law to be submitted to Trust Unitholders for income tax purposes to enable Trust Unitholders to complete their tax returns in respect of the prior calendar year.

Financial or other information relating to the Trust and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.

The Trust is not a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, other than the disclosure set forth above, the Trust is not subject to the “continuous disclosure” requirements of any securities legislation and there is no requirement that the Trust make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Trust. The Trust files information with SEDAR+ only as required pursuant to Section 2.9 of NI 45-106, which information is available electronically from SEDAR+ (www.sedarplus.com).

ITEM 11 - RESALE RESTRICTIONS

There is no market for the Offered Units and none is expected to develop and therefore, it may be difficult or impossible for Trust Unitholders to sell the Offered Units.

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

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

For trades in Manitoba, unless permitted under securities legislation, you must not trade the Offered 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 securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) you have held these securities for at least 12 months.

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

Since the Trust is not a reporting issuer and has no intention to become a reporting issuer, in any province or territory, the applicable hold period for Investors may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in an Investor having to hold the Offered Units acquired under the Offering for an indefinite period of time.

The Manager must approve of any proposed disposition of Trust Units. The Declaration of Trust provides that no transfer or other disposition of Trust Units shall be effective unless the transferor provides the proper documentation described in the Declaration of Trust, reports to the Manager the details of the disposition and all outstanding liabilities of the transferor to the Trust have been paid, or arrangements have been made satisfactory to the Manager for the assumption of such liabilities by the transferee. See **Item 5.1.5 - Transfers of Trust Units**.

The foregoing is a summary only of resale restrictions relevant to an Investor in the securities offered hereunder. It is not intended to be exhaustive. All Investors under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of the securities purchased hereunder including the extent of the applicable hold period and the possibilities of utilizing any further statutory exemptions or obtaining a discretionary order.

ITEM 12 - INVESTORS' RIGHTS

12.1 Statements Regarding Investors' Rights

If you purchase Trust Units you will have certain rights, some of which are described below. These rights may not be available to you if you purchase the Trust Units pursuant to an exemption from the prospectus requirements other than the offering memorandum exemption in Section 2.9 of NI 45-106. Persons resident in the province of Québec are not permitted to rely on the offering memorandum exemption contained in Section 2.9 of NI 45-106, and accordingly, the rights below are not applicable to residents of Québec. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right

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

Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces of Canada and territories provides Investors with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a “**misrepresentation**”). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by Investors within the time limits prescribed and are subject to the defenses and limitations contained under applicable securities legislation.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces and territories of Canada and the regulations, rules and policy statements thereunder. Investors should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that Investors may have at law.

Rights of Investors in Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

Rights of Investors in British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the Trust.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or

any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

Rights of Investors in Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every promoter of the Trust, every person who was a director of the Manager at the date of this Offering Memorandum, every person or company whose consent has been filed respecting the offering but only with respect to reports, opinions or statements that have been made by them, every person who or company that signed this Offering Memorandum and every person who or company that sells securities on behalf of the Trust under this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the Trust.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date you purchased the securities.

Rights of Investors in Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or two years after the date you purchased the securities.

Rights of Investors in Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, you have a right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the Trust.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

Rights of Investors in Québec

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

Rights of Investors in Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to enforce the right of action discussed above not later than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Rights of Investors in New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the Trust.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date you purchased the securities.

Rights of Investors in Newfoundland and Labrador

If you are a resident of Newfoundland and Labrador and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or three years after the date you purchased the securities.

Rights of Investors in Prince Edward Island, Northwest Territories, Yukon and Nunavut

If you are a resident of Prince Edward Island, Northwest Territories, Yukon or Nunavut and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

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

If you elect to exercise a right to cancel your agreement to buy these securities against the Trust, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or three years after the date you purchased the securities.

12.2 Cautionary Statement Regarding Expert Report, Statement or Opinion

This Offering Memorandum includes: (i) The entirety of **Item 7 - Income Tax Consequences and Exempt Plans Eligibility**, prepared by Counsel effective as of the date of this Offering Memorandum; and (ii) the audited financial statements for the Trust and the Partnership for the period ending December 31, 2023 and accompanying independent auditors' report prepared by Kingston Ross Pasnak LLP. You do not have a statutory right of action against these parties for a misrepresentation in the Offering Memorandum. You should consult with a legal adviser for further information.

ITEM 13 - FINANCIAL STATEMENTS

Audited financial statements of the Trust and the Partnership are set out below.

CAPLINK MORTGAGE TRUST
Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

CAPLINK MORTGAGE TRUST
Index to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Income and Comprehensive Income	4
Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units	5
Consolidated Statement of Cash Flow	6
Notes to Consolidated Financial Statements	7 - 25



KINGSTON
ROSS
PASNAK LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

April 15, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Caplink Mortgage Trust

Opinion

We have audited the consolidated financial statements of Caplink Mortgage Trust (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2023, and the consolidated financial performance and consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

(continues)

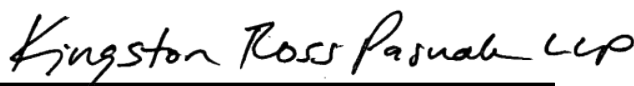
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kingston Ross Pasnak LLP

Chartered Professional Accountants

CAPLINK MORTGAGE TRUST
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
December 31, 2023

	<i>December 31</i> 2023	<i>December 31</i> 2022
ASSETS		
Cash (Note 4)	\$ 77,664	\$ 308,340
Mortgages receivable (Note 5)	31,572,793	32,764,176
Prepaid expenses	8,142	19,894
	\$ 31,658,599	\$ 33,092,410
LIABILITIES		
Bank indebtedness (Note 4)	\$ 8,538,443	\$ 7,771,829
Trade and other payables (Note 7)	66,337	504,775
Redemption note payable (Note 8)	52,172	-
Advances from related party (Note 11)	-	142,393
	8,656,952	8,418,997
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	23,001,647	24,673,413
TOTAL LIABILITIES AND NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 31,658,599	\$ 33,092,410

APPROVED BY THE TRUSTEES


 Ted Bosse (Apr 22, 2024 13:22 PDT) _____ Trustee


 _____ Trustee

CAPLINK MORTGAGE TRUST
Consolidated Statement of Income and Comprehensive Income
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

	2023	2022 (2 months)
INTEREST INCOME	\$ 2,819,724	\$ 116,194
EXPENSES		
Interest and bank charges	482,211	29,487
Management fees (Note 11)	399,335	10,390
Professional fees	114,262	641,328
Titled property expenses	46,710	494
Insurance	28,035	606
Office	22,309	-
Trustee fees (Note 11)	12,000	-
Advertising and promotion	9,838	-
Land title	412	-
Securities commission	250	-
	1,115,362	682,305
OTHER EXPENSES		
Loss on foreclosure	89,480	-
Provision for credit losses (gains) (Notes 5, 6)	23,401	(11,636)
	112,881	(11,636)
INCOME (LOSS) ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	\$ 1,591,481	\$ (554,475)

CAPLINK MORTGAGE TRUST**Consolidated Statement of Changes in Net Assets Attributable to
Holders of Redeemable Units****(Expressed in Canadian Dollars)****Year Ended December 31, 2023**

	2023	2022
NET ASSETS ATTRIBUTABLE TO REDEEMABLE UNITS AT BEGINNING OF YEAR	\$ 24,673,413	\$ 10
(Decrease) increase in net assets attributable to holders of redeemable units	(3,263,247)	25,227,879
Income (loss) attributable to holders of redeemable units	1,591,481	(554,476)
NET ASSETS ATTRIBUTABLE TO REDEEMABLE UNITS AT END OF YEAR	\$ 23,001,647	\$ 24,673,413

CAPLINK MORTGAGE TRUST
Consolidated Statement of Cash Flow
(Expressed in Canadian Dollars)
Years Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Income (loss) attributable to holders of redeemable units	\$ 1,591,481	\$ (554,475)
Changes in non-cash working capital <i>(Note 12)</i>	764,698	(7,051,417)
Cash flow from (used by) operating activities	2,356,179	(7,605,892)
FINANCING ACTIVITIES		
(Repayment) of advances to related party	(142,393)	142,393
Proceeds from operating line of credit	766,614	7,771,829
Cash distributions to Series F unit holders	(1,280,000)	-
Cash distributions to Series C unit holders	(1,100)	-
Proceeds from Series C units issued <i>(Note 9)</i>	65,660	-
Redemption of Series F units <i>(Notes 9, 13)</i>	(1,995,636)	-
Cash flow (used by) from financing activities	(2,586,855)	7,914,222
(DECREASE) INCREASE IN CASH	(230,676)	308,330
CASH - BEGINNING OF YEAR	308,340	10
CASH - END OF YEAR	\$ 77,664	\$ 308,340
CASH FLOW SUPPLEMENTARY INFORMATION <i>(Note 13)</i>		
Interest received	\$ 2,819,724	\$ 116,194
Interest paid	\$ 482,211	\$ 29,488

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

1. NATURE OF OPERATIONS

Caplink Mortgage Trust (the "Trust") is an unincorporated trust established by a Declaration of Trust dated November 9, 2022. The Trust has qualified as a "unit trust" and as a "mutual fund trust" for the purposes of the Income Tax Act (Canada) (the "Tax Act").

These financial statements do not include all the assets and liabilities of the unitholders, but only those relating to the business of the Trust.

The address of the Trust is Suite 1000, 8215 112 Street, Edmonton, Alberta, T6G 2C8.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Trust's functional currency. The Trust presents its consolidated financial position on a non-classified basis in order of liquidity.

These consolidated financial statements were authorized for issue by the Board of Trustees on April 12, 2024.

These consolidated financial statements include the accounts of the Trust and its subsidiaries.

All significant intercompany transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies observed in the preparation of the consolidated financial statements are summarized below.

Basis of consolidation

The consolidated financial statements include the accounts of the Trust and its subsidiaries. As a result, figures as at December 31, 2023 include the financial position of the subsidiaries and the results of their operations for the period then ended. The results of operations of the subsidiaries are included in the consolidated financial statements from the respective date of incorporation.

Subsidiary	Ownership %	Year end
CMT CAN Holdings LP	99.99	December 31, 2023
CMT Master LP	99.99	December 31, 2023
CMT CAN Holdings GP Inc.	99.99	December 31, 2023
CMT Master GP Inc.	99.99	December 31, 2023

(continues)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Trust determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus or minus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Trust's financial assets include cash and mortgages receivable.

Subsequent measurements

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include all financial assets unless measured at amortized cost or at fair value through other comprehensive income. The Trust can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Trust may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gain and losses on them on a different basis.

The Trust has not designated any financial assets as at fair value through profit or loss.

Amortized Cost

Financial assets measured at amortized cost is permitted by IFRS 9 if the two following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Trust has designated cash and mortgages receivable at amortized cost.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income is permitted by IFRS 9 if the two following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Trust has not designated any financial assets as at fair value thorough comprehensive income.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Trust's continuing involvement in it.

In that case, the Trust also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of financial assets

The Trust has to recognize a loss allowance for expected credit losses on all financial assets and certain off-balance sheet loan commitments and guarantees. The expected credit loss model requires a loss allowance to be claimed on the financial asset regardless of whether an actual loss event has occurred.

The expected credit loss model presents three stages of credit loss allowances that must be assessed on all financial assets held by the Trust. At the reporting date, if the credit risk of a financial asset has not significantly changed from initial recognition an allowance for that financial instrument at an amount equal to a 12-month expected credit losses is recognized (Stage 1). Once the financial assets credit risk significantly increases from initial recognition, a lifetime expected credit loss will be recognized (Stage 2). At stage 2 the interest revenue from the asset will continue to be calculated on the carrying value of the asset before impairments. If the credit quality of the financial asset deteriorates, the lifetime expected loss will continue to be recognized however the interest revenue will now be calculated on the net amortized carrying value after deducting the loss allowance (Stage 3).

The assessment of significant increases in credit loss is completed at the reporting date and considers historical events, current market conditions and supportable information about future economic conditions that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

To assess significant increases in expected credit loss, the Trust utilizes a discounting methodology to estimate whether the value of the property underlying a mortgage receivable is worth less than the carrying value of that mortgage receivable; and the borrower is not more than 60 days in arrears with its required mortgage payments. However, should the borrower default on two consecutive payments (60 days), foreclosure proceedings will commence and the lifetime expected credit loss allowance is recorded.

The carrying amount of the asset is reduced through the use of a loss provision account and the amount of the loss is recognized in the consolidated statement of income and comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of income in the consolidated statement of income and comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Trust. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of income and comprehensive income.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured as financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Trust determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus or minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Trust's financial liabilities include trade and other payables, bank indebtedness, redemption note payable, advances from related party and trust units.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortization is included in finance costs in the provision for credit losses in the statement of income and comprehensive income.

The Trust's financial liabilities include trade and other payables, bank indebtedness, redemption note payable, and advances from related party at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities measured at fair market value and financial liabilities initially designated at fair value through profit or loss.

Financial liabilities are classified as measured at fair market value if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities at fair value are recognized in the income statement.

The Trust has designated the trust units as at fair value through profit or loss.

Derecognition

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Trust did not have any offsetting financial instruments during the period ended December 31, 2023.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or a discounted cash flow analysis or other valuation models.

Significant accounting judgments, estimates and assumptions

The preparation of the Trust's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Trust's accounting policies, management has made the following critical accounting judgments which are accounting policies that have been identified as being complex or involving subjective judgment or assessment. Critical accounting judgments include:

Taxes

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income, including net realized capital gains in the taxation year, which has not been paid or is not payable to its Unitholders as at the end of the taxation year. It is the intention of the Trust to distribute all of its net income and sufficient net realized capital gains so that the Trust will not be subject to income taxes. Accordingly, no provision for income tax has been made in these financial statements.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Classification of mortgages

Mortgage investments are classified based on both the business model for managing the assets and their contractual cash flow characteristics. Judgment is used in determining the business model for managing the assets and whether cash flows received are comprised solely of principal and interest payments.

Measurement of expected credit losses

The expected credit loss model requires the recognition of losses based on 12 months of expected losses for performing loans and recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk.

The determination of significant increases in credit risk on performing loans takes into account several different factors that vary by nature of the investment. Credit risk on a financial asset is assumed to have increased significantly if it is more than 60 days past due, borrower specific criteria such as the payment of property taxes and property insurance are not met, and the value of the security of the underlying mortgage is less than the mortgage receivable amount plus contingent costs of selling the underlying secured property.

The assessment for significant increases in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses the entity relies on estimates and judgment is exercised on matters for which the ultimate outcome is unknown. These judgments include appraisals of the underlying mortgage security, history of borrower performance, and changes in market forecasts.

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. In determining expected credit losses, economic forecasts are used that take into account key macroeconomic variables relevant to each investment type. These variables include unemployment rates, housing price index, and interest rates. Forecasts are developed internally and judgment is used to incorporate multiple economic variables through discount rates used to determine credit risk on the estimated value of the underlying mortgage security. Forecast discount rates are based on the average percentage decline of the security from the date of the original appraisal to the current date based on real estate board figures for properties similar in nature; and a discretionary percentage to discount for appraiser optimism, externally produced forecasts and a lack of selling price information for properties of a particular class. Allowances are sensitive to changes in both economic forecasts and discount rates assigned to each forecast scenario.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Investment impairment

The most significant estimates that the Trust is required to make relates to the impairment of the mortgage portfolio (Note 5). These estimates include assumptions regarding the local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, adverse changes in the payment status of borrowers and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations of the actual outcome. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Note 14).

Redeemable Units

The Trust's units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be presented as financial liabilities, except where certain conditions are met in accordance with IAS 32 Financial Instruments: Presentation, in which case the puttable instruments may be presented as equity. The Trust's units did not meet the conditions in IAS 32 and are accordingly presented as financial liabilities in the financial statements.

Comprehensive income

Comprehensive income consists of net earnings and other comprehensive income (OCI). OCI represents changes in shareholder's equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available for sale and changes in the fair value of the effective portion of cash flow hedging instruments.

Cash

Cash consists of cash less outstanding cheques.

Revenue recognition

The Trust's revenue is comprised of interest collected from borrowers and interest accrued since the borrower's last payment. Interest is recognized based upon the amounts to which the Trust is contractually entitled. When interest payments are received in advance of their due date, the amount is held in trust for the borrower and paid to the Trust upon the due date.

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Statement of Cash Flow

The Trust is using the indirect method in its presentation of the Statement of Cash Flow.

4. CASH AND OPERATING LINE OF CREDIT

	2023	2022
Cash and cash held in trust	\$ 83,135	\$ 308,340
Outstanding cheques	(61,880)	(26,953)
Bank indebtedness	(8,482,033)	(7,744,876)
	\$ (8,460,778)	\$ (7,463,489)

The Trust has access to a revolving operating line of credit to the lessor of \$10,000,000 or 50% of acceptable mortgages receivable. The operating credit balance is repayable on demand. Interest on funds advanced is calculated daily and payable monthly at the banks prime rate plus 1.5% (2022 - banks prime rate plus 1.5%). As of December 31, 2023, there have been draws of \$8,538,443 (2022 - \$7,771,829).

Security for the operating line of credit consists of:

1. General security agreement granted by CMT CAN Holdings LP creating a risk ranking lien on all present and future or after-acquired Collateral of CMT CAN Holdings LP;
2. Guarantee from Caplink Financial Corporation of indebtedness and secured by a general security agreement from Caplink Financial Corporation creating a first ranking Lien on all present and future or after-acquired Collateral of Caplink Financial Corporation.
3. General security agreement from CMT CAN Holdings GP Inc. creating a first ranking Lien on all present and future or after-acquired Collateral of CMT CAN Holdings GP Inc.

The operating line of credit is subject to certain covenants. As at December 31, 2023, the Trust was in compliance with these covenants.

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

5. MORTGAGES RECEIVABLE

	Mortgage principal	Unpaid charges	Accrued Interest	Credit loss provision	Total
<u>December 31, 2023</u>					
<u>116 First Mortgages</u>					
100 unimpaired	\$ 26,683,817	\$ 5,117	\$ 224,782	\$ -	\$ 26,913,716
8 considered impaired	1,790,930	-	26,787	(89,800)	1,727,917
4 in foreclosure	682,356	347	49,085	(58,898)	672,890
4 titled properties	410,502	-	-	-	410,502
<u>24 Second Mortgages</u>					
24 unimpaired	1,828,265	-	19,503	-	1,847,768
	\$ 31,395,870	\$ 5,464	\$ 320,157	\$ (148,698)	\$ 31,572,793
<u>December 31, 2022</u>					
<u>130 First Mortgages</u>					
116 unimpaired	\$ 28,045,736	\$ 4,530	\$ 246,134	\$ -	\$ 28,296,400
7 considered impaired	1,574,645	3,307	24,967	(135,862)	1,467,057
3 in foreclosure	516,395	36,415	34,635	(5,713)	581,732
4 titled properties	498,749	-	-	-	498,749
<u>22 Second Mortgages</u>					
22 unimpaired	1,899,516	-	20,722	-	1,920,238
	\$ 32,535,041	\$ 44,252	\$ 326,458	\$ (141,575)	\$ 32,764,176

The mortgages receivable consists of financing for residential and commercial properties. The mortgages bear interest at rates from 4.50% to 16.00% and mature between January 1, 2024 to May 1, 2052. When applicable, the mortgages have been pledged as collateral on the bank indebtedness.

At year-end, two of the four mortgages in foreclosure with a principal balance of \$436,708 (2022 - \$269,420 from one mortgage in foreclosure) were secured by property, which had an estimated net realizable value greater than the balance of the mortgage principal, accrued interest and charges accrued. Two of the four foreclosures required a provision of \$58,898 (2022 - \$5,713 from one foreclosure) and eight impaired mortgages required a provision of \$89,800 (2022 - \$135,862 from seven impaired mortgages). The current year credit losses included in the consolidated statement of income and comprehensive income is \$7,122 (2022 - \$58,915) and is comprised of the reversal of allowances of \$141,575 (2022 - \$200,490), and a net decrease in estimated losses for the current year of \$148,698 (2022 - \$141,575).

At year-end, three of the titled properties had a total loss on titled properties of \$16,279 (2022 - \$47,279 from one titled property).

After December 31, 2023, one foreclosure (2022 - none) was satisfactorily resolved and no titled properties were sold.

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

6. PROVISION FOR CREDIT LOSSES

	Stage 1	Stage 2	Stage 3	2023
<u>December 31, 2023</u>				
<u>First Mortgages</u>				
Gross mortgages and interest receivable and unpaid charges	\$ 26,913,716	\$ 1,817,716	\$ 1,142,291	\$ 29,873,723
Provision for credit losses	-	(89,800)	(58,898)	(148,698)
<u>Second Mortgages</u>				
Gross mortgages and interest receivable and unpaid charges	1,847,768	-	-	1,847,768
	\$ 28,761,484	\$ 1,727,916	\$ 1,083,393	\$ 31,572,793
<u>December 31, 2022</u>				
<u>First Mortgages</u>				
Gross mortgages, including titled land, interest receivable and unpaid charges	\$ 28,296,401	\$ 1,602,918	\$ 1,086,194	\$ 30,985,513
Provision for credit losses	-	(135,862)	(5,713)	(141,575)
<u>Second Mortgages</u>				
Gross mortgages, interest receivable and unpaid charges	1,920,238	-	-	1,920,238
	\$ 30,216,639	\$ 1,467,056	\$ 1,080,481	\$ 32,764,176

The three stages of expected credit losses on mortgages is assessed based on the following criteria:

Stage 1 Unimpaired Loans

No allowances are recorded on loans that have not yet been individually identified as impaired or foreclosed. Based on management's assessment of the 12 month expected credit losses, the credit risk on unimpaired loans is low as the average expected losses results in an immaterial impact on the valuation of the outstanding loan balance. A non-sufficient fund (NSF) payment is considered a significant indicator of potential increased credit risk therefore the loans with NSF payment are reassessed to further determine whether the loan is in an equity position after applying a discount to the property value and deducting all expected expenses. Those which have negative equity are classified as impaired loans (Stage 2) and allowances are recorded.

Stage 2 Impaired Loans

The determination of a significant increase in credit risk takes into account different factors. Loans with increased credit risk are applied a discount to the property value. The Trust assumes that the credit risk on a loan with negative equity has increased significantly. An allowance is recorded based on management's assessment of the life time expected losses to that individual loan until six consecutive payments have been made on the loan at which time the allowance is reversed.

(continues)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

6. PROVISION FOR CREDIT LOSSES *(continued)*

Stage 3 Foreclosed Loans

Management reviews the loans on an ongoing basis to assess whether a foreclosure process is needed to be performed and whether an allowance or write-down should be recorded. The review of individually significant impaired loans is conducted by the Mortgage Administration Department on an ongoing basis to appropriately estimate the life time expected credit losses on that individual loan. If a loan is in arrears for two months and there is no payment plan arranged by the borrower, the loan will be sent to foreclosure.

The value of the foreclosed property is discounted and the estimated carrying cost is reviewed. If the foreclosed property has positive equity after taking into consideration the discount and carrying cost, no allowances are recorded. Allowances for foreclosed loans which have negative equity are recorded for individually identified foreclosed loans to reduce their carrying value to the expected recoverable amount.

To determine the amount of expected credit loss from a foreclosed loan, management uses the lowest value of the recent appraisal, Comparable Market Assessment Listing Price (CMA) or judicial sale value, net of expected costs and any amounts legally required to be paid to the borrower.

7. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	\$ 8,334	\$ 474,473
Accrued liabilities	58,003	30,302
	\$ 66,337	\$ 504,775

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

8. REDEMPTION NOTE PAYABLE

Redemption note payable is comprised of a redemption note that has been assigned to the redeeming unitholder in the amount equal to the redemption price of the trust units being redeemed. The redemption note bears interest at rate of 2% plus yield to maturity on marketable bonds of the same maturity as the applicable Redemption Note issued by the Government of Canada and has a maturity date of February 28, 2028.

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

9. TRUST UNITS

The Trust is authorized to issue an unlimited number of Trust Units of a single class divided into an unlimited number of series, in such a number and designation as determined by the Trustees from time to time.

Authorized:

- 1 Initial Trust Unit
- Unlimited Series A Units
- Unlimited Series C Units
- Unlimited Series F Units
- Unlimited Series M Units

Shares presented under liabilities

	2023		2022	
	Units	Amount	Units	Amount
<u>Initial Trust Unit</u>				
Trust units at the beginning of the year	1	\$ 10	1	\$ 10
	1	\$ 10	1	\$ 10

	2023		2022	
	Units	Amount	Units	Amount
<u>Series C</u>				
Units outstanding at the beginning of the year	-	\$ -	-	\$ -
Issued	65,660	65,660	-	-
	65,660	\$ 65,660	-	\$ -

	2023		2022	
	Units	Amount	Units	Amount
<u>Series F</u>				
Units outstanding at the beginning of the year	25,217,961	\$ 25,217,879	-	\$ -
Issued including reinvested distributions	400,914	400,914	25,217,961	25,217,879
Redemptions	(2,473,422)	(2,448,722)	-	-
	23,145,453	\$ 23,170,071	25,217,961	\$ 25,217,879

(continues)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

9. TRUST UNITS *(continued)*

	2023		2022	
	Units	Amount	Units	Amount
Series M				
Units outstanding at the beginning of the year	10,000	\$ 10,000	-	\$ -
Issued	-	-	10,000	10,000
	10,000	\$ 10,000	10,000	\$ 10,000

Each Trust Unit vests indefeasibly in the holder thereof and the interest in the Trust at any time and from time to time of each holder of Trust Units is determined by the number of Trust Units registered in the name of the holder as is proportionate to the total number of Trust Units, subject always to the limitations, rights, privileges, restrictions and conditions attaching to Trust Units of a particular series or otherwise set out in this Declaration of Trust. Except as expressly provided in this Declaration of Trust, or any amendment hereof, with respect to the Trust Units of a particular series, no holder of Trust Units has any preference, priority or right in any circumstance over any other holder of Trust Units (other than arising out of or resulting from the number of Trust Units held by such holder of Trust Units).

The issued and outstanding Trust Units may be subdivided or consolidated from time to time by the Trustees without the prior approval of, or notice to, any Trust Unitholder, in accordance with this Declaration of Trust.

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

10. INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

The increase in net assets attributable to holders of redeemable units per unit is calculated as follows:

	2023	2022
<u>Initial Trust Unit</u>		
Increase in net assets attributable to holders of redeemable units	\$ -	\$ 10
Average units outstanding during the year	1	1
Increase in net assets attributable to holders of redeemable units per unit	\$ -	\$ 10.00
<u>Series F</u>		
(Decrease) Increase in net assets attributable to holders of redeemable units	\$ (1,736,181)	\$ 24,663,619
Average units outstanding during the year	24,182,023	25,217,961
Increase in net assets attributable to holders of redeemable units per unit	\$ (0.07)	\$ 0.98
<u>Series C</u>		
Increase in net assets attributable to holders of redeemable units	\$ 63,608	\$ -
Average units outstanding during the year	50,660	-
Increase in net assets attributable to holders of redeemable units per unit	\$ 1.26	\$ -
<u>Series M</u>		
Increase in net assets attributable to holders of redeemable units	\$ 806	\$ 9,784
Average units outstanding during the year	10,000	10,000
Increase in net assets attributable to holders of redeemable units per unit	\$ 0.08	\$ 0.98

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

11. RELATED PARTIES

Caplink Financial Corporation (CFC) is responsible for the general administration of the Trust, and is related to the Trust by virtue of one common director/trustee.

In consideration for services provided, CFC, in its capacity as manager of the Trust and the Partnership, is paid a monthly management fee in an amount equal to 1/12th of 1.00% of the gross asset value attributed to the outstanding Series A limited partnership units, Series C limited partnership units and Series F limited partnership units as at the last date of the preceding month, calculated and payable in advance at the beginning of each month. CFC, in its capacity as mortgage administrator, is paid a monthly mortgage administration fee equal to one twelfth (1/12th) of one quarter of one percent (0.25%) of the mortgage administration value at the last day of the preceding month, calculated and payable in advance at the beginning of each month.

CMT Special LP Inc., a wholly-owned subsidiary of CFC, contributed \$10,000 in consideration for: (i) 10,000 Class M limited partnership units of CMT Master LP; and (ii) the right to distributions pursuant to the Special Allocation, as defined in the limited partnership agreement of CMT Master LP dated November 8, 2022.

In addition to distributions declared by CMT Master LP, CMT Special LP Inc. is entitled to a distribution based on the net asset value per unit at the end of the special allocation period. The special allocation will be calculated and accrued at intervals to be determined by CMT Master GP Inc. and crystalized at the end of each special allocation period. At such intervals, CMT Master GP Inc. will determine if CMT Special LP Inc. would have been entitled to a special allocation had the special allocation period ended at that time. If a special allocation would have been made under those circumstances then the amount of the special allocation will be paid to CMT Special LP Inc. The special allocation will be recalculated and crystalized at the end of the actual special allocation period and the CMT Special LP Inc. will reimburse the CMT Master LP for any excess payments received by the CMT Special LP Inc. taking into account the performance of the CMT Special LP Inc. during the entire special allocation period. During the period, there were \$nil distributions allocated to CMT Special LP Inc. (2022 - \$nil).

During the period, the management fee due to CFC amounted to a total of \$319,468 (2022 - \$8,312) and the mortgage administration fee due to CFC amounted to a total of \$79,867 (2022 - \$6,939).

At year end, advances from related party contains \$nil (2022 - \$132,003) to CFC which relate to unpaid fees and recovery of costs outlaid by CFC in administering funds.

At year end, trade payables contained \$141 to CFC related to unpaid fees and recovery of costs outlaid by CFC in administering funds.

During the period, trustee fees totalling \$12,000 (2022 - \$Nil) were paid to the three independent Trustees.

Related party transactions were conducted in the normal course of operations and are recorded at exchange amounts.

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

12. CHANGES IN NON-CASH WORKING CAPITAL

	2023	2022
Trade and other payables	\$ (438,437)	\$ 504,774
Prepaid expenses	11,752	(19,894)
Unpaid charges	38,789	(44,252)
Mortgage receivable	262,213	(7,149,286)
Mortgages funded	(12,795,345)	(1,374,571)
Mortgages collected	13,672,304	1,216,695
Credit loss provision	7,122	141,575
Accrued interest receivable	6,300	(326,458)
	\$ 764,698	\$ (7,051,417)

13. CASH FLOW SUPPLEMENTARY INFORMATION

The following transactions have been excluded from the Statement of Cash Flow as they did not require the use of cash or cash equivalents.

	2023	2022
Mortgages receivable	\$ -	\$ (32,421,242)
Proceeds from issuance of redeemable units including units reinvested (Note 9)	400,914	25,227,879
Proceeds from issuance of the redemption note payable (Note 8)	52,172	-
Redemption of Series F units (Note 9)	(453,086)	-
	\$ -	\$ (7,193,363)

14. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash, mortgages receivable, bank indebtedness, trade and other payables, advances from related party and trust units.

Fair Value

The Trust's carrying value of its financial instruments approximates its fair value due to the immediate or short term maturity of these investments.

The fair value of cash, bank indebtedness, trade and other payables, and advances to related party are measured under level 1 of the fair value hierarchy. The fair value of mortgages receivable and trust units are measured under level 3 of the fair value hierarchy.

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

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

(continues)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS (*continued*)

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Value based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

During the period ended December 31, 2023, there were no transfers between levels of the fair value hierarchy.

Risk Management

The Trust is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Trust is exposed, and the actions taken to manage them, are described below:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Trust is exposed to credit risk to the extent that its mortgage customers may experience financial difficulty and would be unable to meet their obligations. However, the Trust periodically reviews the credit risk of mortgage customers based on payment history and provides for a credit loss if the assessment indicates a probable default on the mortgage. The Trust has a significant number of customers, which minimizes concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Trust manages exposure through its normal operating and financing activities. The Trust is exposed to interest rate cash flow risk primarily through its floating interest rate bank indebtedness and credit facilities as the required cash flow to service the debt will fluctuate as prime rates change. The mortgage portfolio is considered a fixed-interest instrument and is subject to fair value risk. As of December 31, 2023 a 1% change in rate would result in approximately \$311,623 (2022 - \$326,642) change to net earnings of the Trust (\$0.01 / share).

The bank indebtedness bears interest at a rate of 7.95%. For each 1% change in rate, the Trust's net earnings would be impacted by approximately \$85,384 (2022 - \$77,718).

Liquidity Risk

Liquidity risk is the risk that the Trust may not have cash to meet financial liabilities as they come due. The Trust has sufficient credit facilities to meet its current and long term financial needs.

At December 31, 2023 and the contractual obligations related to financial liabilities are as follows:

(*continues*)

CAPLINK MORTGAGE TRUST
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS *(continued)*

	Bank indebtedness	Trade and other payables	Redemption note payable	Trust units	Total
2023	\$ 8,538,443	\$ 66,337	\$ 52,172	\$ 2,789,488	\$ 11,446,440
2024	-	-	-	2,454,749	2,454,749
2025	-	-	-	2,160,179	2,160,179
2026	-	-	-	1,900,958	1,900,958
2027	-	-	-	1,900,958	1,900,958
Thereafter	-	-	-	12,267,514	12,267,514

15. CAPITAL MANAGEMENT

Caplink Mortgage Trust considers the portfolios that it manages to be capital. As portfolio managers of the Trust, they consider the net assets attributable to holders of redeemable units to be capital.

The objective of the Trust is to preserve invested capital and generate a steady stream of income to investors by directly and indirectly investing in mortgage investments. The growth of the Trust is financed thru the issuance of units to unitholders. An amount of these units issued is through a dividend reinvestment plan for unitholders.

There have been no material changes during the year in relation to the objectives and strategies with respect to capital risk management.

ITEM 14 - CERTIFICATE

Dated: May 29, 2024

This Offering Memorandum does not contain a misrepresentation.

Caplink Mortgage Trust, by its Trustees

(signed) "Brian Menges"

Brian Menges
Trustee

(signed) "Theodore (Ted) Bossé"

Theodore (Ted) D. Bossé
Trustee

On behalf of the Manager, Caplink Financial Corporation

(signed) "Brian Menges"

Brian Menges
President

(signed) "Colin Hu"

Colin Hu
Chief Financial Officer

On behalf of the sole director of the Manager, Caplink Financial Corporation

(signed) "Brian Menges"

Brian Menges
Director

Caplink Financial Corporation, as Promoter

(signed) "Brian Menges"

Brian Menges
Director