PROSPECTUS

New Issue August 29, 2012

TREZ
CAPITAL MIC

Trez Capital Mortgage Investment Corporation
$100,000,000 (10,000,000 Class A Shares) Maximum
$10.00 per Class A Share

Trez Capital Mortgage Investment Corporation (the "Company") proposes to issue Class A shares ("Class A Shares") of the Company at a price of $10.00 per Class A share (the "Offering").

The Company is a federal corporation incorporated under the *Canada Business Corporations Act*. The Company is a non-redeemable investment fund. The Company provides investors with an opportunity to invest in a diversified portfolio of Mortgages originated by Trez Capital Limited Partnership (the "Mortgage Broker") and selected by Trez Capital Fund Management Limited Partnership (the "Manager" and, together with the Mortgage Broker, "Trez"). Pursuant to the terms of a management agreement between the Company and the Manager (the "Management Agreement"), the Manager acts as the manager of and portfolio advisor to the Company. See "Organization and Management Details of the Company — Manager and Portfolio Advisor of the Company".

The Company qualifies as a mortgage investment corporation and is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Class A Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

The outstanding Class A Shares of the Company are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "TZZ". On August 28, 2012 (the last trading day before the date of this prospectus), the closing price of the Company's Class A Shares on the TSX was $10.05 and the net asset value per Class A Share was $9.47.

The investment objectives of the Company are to acquire and maintain a diversified portfolio (the "Portfolio") of Mortgages that preserves capital and generates attractive returns in order to permit the Company to pay monthly distributions to its shareholders. See "Investment Objectives".

	Price to the Public(1)	Agents' fees	Net Proceeds to the Company(2)
Per Class A Share	$10.00	$0.40	$9.60
Total Maximum Offering(3)	$100,000,000	$4,000,000	$96,000,000

Notes:

(1) The price of the Class A Shares was established by negotiation between the Company and the Agents (as defined below).

(2) Before deducting the expenses of the Offering (estimated at $700,000) which, subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Agents' fees, be paid out of the gross proceeds of the Offering.

(3) There is no minimum amount of the Offering. The maximum offering amount is $100,000,000 (10,000,000 Class A Shares). Each investor in Class A Shares must subscribe for a minimum of 250 Class A Shares. The Company has granted to the Agents an option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days following the closing of the Offering, to purchase an aggregate of up to 15% of the aggregate number of Class A Shares issued at the closing of the Offering at a price of $10.00 per Class A Share. This prospectus qualifies the distribution of the Over-Allotment Option and the Class A Shares issuable on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering will be $115,000,000, the Agents' fees will be $4,600,000 and the net proceeds to the Company will be $110,400,000. Any investors who acquire Class A Shares forming part of the Agents' over-allocation position will acquire those Class A Shares under this prospectus regardless of whether the over-allocation is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. See "Plan of Distribution".

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A return on your investment in the Company is not comparable to the return on an investment in a fixed income security. The recovery of your initial investment is at risk, and the anticipated return on your investment is based on many performance assumptions. Further, there may be limited or no liquidity in the Mortgages that make up the Portfolio and, if no secondary market for such Mortgages exists, the valuation and ability to resell such Mortgages will be impaired if a resale is required. The Company does not intend to use leverage in order to achieve its initial cash distribution target. The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Company will make any distributions in any particular month or months. If the Company's annual return is less than the amount necessary to fund the monthly distributions, the Company may not pay the full Indicative Distribution Amount (as defined below). Alternatively, the Company may return a portion of its capital to Class A Shareholders to ensure that monthly distributions are paid, which would reduce the NAV per Class A Share. See "Risk Factors".

To ensure that the Offering is non-dilutive to existing Class A Shareholders as of August 29, 2012, the price per Class A Share under the Offering is equal to or exceeds the NAV per Class A Share as of August 28, 2012, plus the expected expenses of the Offering. See "Plan of Distribution".

RBC Dominion Securities Inc., CIBC World Markets Inc., Canaccord Genuity Corp., BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc., GMP Securities L.P., Macquarie Private Wealth Inc., Manulife Securities Incorporated, National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc. and Mackie Research Capital Corporation (collectively, the "Agents") conditionally offer the Class A Shares of the Company on a reasonable "best efforts" basis if, as and when issued, sold and delivered by the Company in accordance with the conditions contained in an agency agreement entered into among the Company, the Manager, the Mortgage Broker and the Agents dated August 29, 2012 (the "Agency Agreement") referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Fasken Martineau DuMoulin LLP and on behalf of the Agents by McCarthy Tétrault LLP. In connection with this Offering and in accordance with and subject to applicable laws, the Agents are permitted to engage in transactions that stabilize or maintain the market price of the Class A Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Class A Shares will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the date of the closing of the Offering, which is expected to occur on or about September 7, 2012, or such later date as the Company and the Agents may agree, but in any event not later than September 30, 2012. A purchaser of Class A Shares will receive only a customer confirmation from a registered dealer that is a CDS Participant (as defined under "Glossary of Terms") and from or through which the Class A Shares are purchased. See "Plan of Distribution" and "Purchase of Class A Shares".

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GLOSSARY OF TERMS

Capitalized terms used in this prospectus have the respective meanings set out below.

"**$**" means Canadian dollars.

"**2-Yr GOC Yield**" means, at any time, the then current two-year Government of Canada bond yield.

"**ABCP**" means asset backed commercial paper.

"**Agency Agreement**" has the meaning set forth on the face page of this prospectus.

"**Agents**" means RBC Dominion Securities Inc., CIBC World Markets Inc., Canaccord Genuity Corp., BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc., GMP Securities L.P., Macquarie Private Wealth Inc., Manulife Securities Incorporated, National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc. and Mackie Research Capital Corporation.

"**Annual Redemption Date**" means the last Business Day of December each year, beginning in 2013.

"**Annual Redemption Notice Period**" means the period from the first Business Day of November (annually, starting in 2013) until 4:00 p.m. (Toronto time) on the 15th day of November, or the immediately preceding Business Day in the event that the 15th day of November is not a Business Day.

"**Annual Redemption Payment Date**" means the 15th day of January each year, beginning in 2014.

"**Annual Redemption Price**" means the NAV per Class A Share on the applicable Annual Redemption Date, less any costs associated with such redemption.

"**Annual Redemption Right**" means the right to redeem Class A Shares on the Annual Redemption Date, as described under "Redemption of Class A Shares — Annual Redemptions".

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

"**Automatic Repurchase**" has the meaning set forth under "Attributes of the Class A Shares — Restrictions on Ownership".

"**Automatic Repurchase Shareholder**" has the meaning set forth under "Attributes of the Class A Shares — Restrictions on Ownership".

"**Business Day**" means any day on which there is a regular trading session of the TSX.

"**Canadian GAAP**" means Canadian generally accepted accounting principles.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CDS Participant**" has the meaning set forth under "Attributes of the Class A Shares — Book-Entry Only System".

"**Class A Share**" means a Class A share of the Company.

"**Class A Shareholder**" means a holder of Class A Shares.

"**Commitment Fee**" means a one-time fee paid by a borrower to the Company in return for obtaining a commitment for Mortgage financing, stated either as a fixed dollar amount or a percentage of the principal amount of the Mortgage. The amount paid to the Company will be the net amount (on average, approximately 60% of the gross Commitment Fee) after compensation to the originator for sourcing the transaction.

"**Company**" means Trez Capital Mortgage Investment Corporation.

"**Credit Facility**" means the credit facility agreement between the Company and a Canadian chartered bank as described under "Investment Strategies — Credit Facility".

"**CRA**" means the Canada Revenue Agency.

"**Custodian**" means Computershare Trust Company of Canada in its capacity as the custodian of the assets of the Company.

"**Custodian Agreement**" means the custodian agreement dated June 4, 2012 originally among the Company, the Mortgage Broker and the Custodian, and assigned by the Mortgage Broker to the Manager effective July 25, 2012.

"**DPSPs**" means deferred profit sharing plans as defined in the Tax Act.

"**DRIP**" means a distribution reinvestment plan.

"**Extraordinary Resolution**" has the meaning set forth under "Shareholder Matters — Meetings of Class A Shareholders".

"**Hurdle Rate**" means, for a period, the average of the 2-Yr GOC Yield on the last day of each calendar month during such period, plus 450 basis points.

"**Indicative Distribution Amount**" means the amount of the monthly cash distributions that the Company intends to make to Class A Shareholders. The Indicative Distribution Amount will be determined and announced annually by the Company in September of each year, commencing September 2013. The initial Indicative Distribution Amount is approximately $0.0583 per Class A Share per month ($0.70 per annum representing an annual cash distribution of 7.0% based on the $10.00 per Class A Share issue price).

"**Investment Restrictions**" means the investment restrictions of the Company as described under "Investment Restrictions".

"**IRC**" means the independent review committee of the Company established and maintained pursuant to NI 81-107.

"**Loan-to-Value**" means the ratio, expressed as a percentage, determined by $A/B \times 100$ where:

A = the principal amount of the Mortgage, together with all other equal and prior ranking mortgages on the Real Property, and

B = the appraised market value of the Real Property securing the Mortgage at the time of funding the Mortgage or its most recent renewal, whichever occurs later.

"**Management Agreement**" means the amended and restated management agreement dated July 25, 2012 between the Company and the Manager.

"**Manager**" means Trez Capital Fund Management Limited Partnership and, when discussing the history of the Manager, includes the Company's previous manager, Trez Capital Limited Partnership.

"**Management Fee**" means a management fee equal to 1.35% per annum of the NAV of the Company, calculated daily, aggregated and paid monthly in arrears, together with an amount equal to the Trailer Fee, in each case plus applicable taxes. The Manager, in turn, pays Trailer Fees to registered dealers.

"**Market Price**" means the closing price of the Class A Shares on the TSX or such other stock exchange on which the Class A Shares may be listed on the relevant Monthly Redemption Date or, if there was no trade on such Monthly Redemption Date, the average of the last bid and the last asking prices of the Class A Shares on such stock exchange on the Monthly Redemption Date.

"**Maximum Offering**" means $100,000,000 or 10,000,000 Class A Shares.

"**MIC**" means a "mortgage investment corporation" as defined under the Tax Act.

"**Monthly Redemption**" means the monthly redemption of Class A Shares as described under "Redemption of Class A Shares — Monthly Redemptions".

"**Monthly Redemption Date**" means the last Business Day of each month (other than a month during which an Annual Redemption Date occurs).

"**Monthly Redemption Notice Period**" means the period from the 10th day of each month (other than a month during which an Annual Redemption Date occurs) until 4:00 p.m. (Toronto time) on the 15th day of such month, or the immediately preceding Business Day in the event that the 15th day is not a Business Day.

"**Monthly Redemption Payment Date**" means the 15th day of the month following the applicable Monthly Redemption Date.

"**Monthly Redemption Price**" means the lesser of: (i) 95% of the Trading Price; and (ii) the Market Price on the applicable Monthly Redemption Date.

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

"**Mortgage Broker**" means Trez Capital Limited Partnership.

"**Mortgage Brokerage Agreement**" means the mortgage brokerage agreement dated July 25, 2012 among the Company, the Manager and the Mortgage Broker.

"**NAV**" means the net asset value of the Company.

"**NAV per Class A Share**" has the meaning set forth under "Calculation of Net Asset Value and Net Asset Value per Class A Share — Net Asset Value per Class A Share".

"**Net Return**" means, for a period, the interest income, Commitment Fees and any other income of the Company during such period, less the fees and expenses of the Company (other than the Performance Fee) during such period.

"**NI 31-103**" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and its related companion policy promulgated by the Canadian securities regulatory authorities.

"**NI 81-102**" means National Instrument 81-102 *Mutual Funds* and its related companion policy promulgated by the Canadian securities regulatory authorities.

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure* and its related companion policy promulgated by the Canadian securities regulatory authorities.

"**NI 81-107**" means National Instrument 81-107 *Independent Review Committee for Investment Funds* promulgated by the Canadian securities regulatory authorities.

"**Offering**" means the offering of Class A Shares qualified by this prospectus.

"**Ordinary Resolution**" has the meaning set forth under "Shareholder Matters — Meetings of Class A Shareholders".

"**Over-Allotment Option**" has the meaning set forth on the face page of this prospectus.

"**Performance Fee**" has the meaning set forth under "Fees and Expenses — Management Fees and Operating Expenses".

"**Plans**" means trusts governed by RRSPs, DPSPs, RRIFs, RDSPs, RESPs and TFSAs.

"**Portfolio**" means the portfolio of Mortgages owned by the Company from time to time.

"**portfolio advisor**" means the person that provides investment advice or portfolio management services to the Company under a contract with the Company. The Manager is the portfolio advisor to the Company.

"**Proposals**" has the meaning set forth under "Canadian Income Tax Considerations".

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

"**RDSPs**" means registered disability savings plans as defined in the Tax Act.

"**Regulations**" has the meaning set forth under "Canadian Income Tax Considerations".

"**Required Property**" has the meaning set forth under "Canadian Income Tax Considerations — Status of the Company — MIC Requirements".

"**RESPs**" means registered education savings plans as defined in the Tax Act.

"**Related Persons**" has the meaning set forth under "Canadian Income Tax Considerations — Status of the Company — MIC Requirements".

"**Repurchased Shares**" has the meaning set forth under "Attributes of the Class A Shares — Restrictions on Ownership".

"**RRIFs**" means registered retirement income funds as defined in the Tax Act.

"**RRSPs**" means registered retirement savings plans as defined in the Tax Act.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended.

"**TFSAs**" means tax-free savings accounts as defined in the Tax Act.

"**Trailer Fee**" has the meaning set forth under "Fees and Expenses — Sales Commission and Trailer Fees".

"**Trading Price**" means volume weighted average trading price of the Class A Shares on the TSX or such other stock exchange on which the Class A Shares may be listed for the ten trading days immediately preceding the relevant Monthly Redemption Date.

"**Trez**" means, collectively, the Manager and the Mortgage Broker and, when discussing the history of Trez, includes the Mortgage Broker's predecessor, Trez Capital Corporation.

"**Triggering Transaction**" has the meaning set forth under "Attributes of the Class A Shares — Restrictions on Ownership".

"**TSX**" means the Toronto Stock Exchange.

"**U.S. Securities Act**" has the meaning set forth on the face page of this prospectus.

"**Valuation Date**" means, for the purposes of calculating NAV and NAV per Class A Share, the last business day of each week and such other days as are determined by the Manager.

"**Voting Shares**" means the voting shares of the Company.

"**Yield**", in relation to a Mortgage, means A/B * 100 where:

A = the annual interest payable under the Mortgage and, where the Mortgage is a junior position, the additional annual interest retained by the Company on its portion of the Mortgage; and

B = the outstanding principal amount of the Mortgage.

FORWARD-LOOKING STATEMENTS

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

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data contained elsewhere in this prospectus. Capitalized terms used in this prospectus have defined meanings. Please refer to "Glossary of Terms" earlier in this prospectus for the respective meaning of defined terms used herein.

The Company: The Company is a federal corporation incorporated under the *Canada Business Corporations Act*. See "The Company".

Offering: The Offering consists of Class A Shares of the Company at $10.00 per Class A Share with a maximum offering amount of $100,000,000 (10,000,000 Class A Shares). There is no minimum amount of the Offering. See "Purchase of Class A Shares", "Plan of Distribution" and "Fees and Expenses".

Investment Objectives: The investment objectives of the Company are to acquire and maintain a diversified portfolio of Mortgages that preserves capital and generates attractive returns in order to permit the Company to pay monthly distributions to its shareholders. See "Investment Objectives".

Investment Strategies: The Company seeks to accomplish its investment objectives through prudent investments in Mortgages to qualified real estate investors and developers, focusing primarily on short-term bridge financing needs not currently serviced by traditional real estate lenders. Mortgages are secured primarily by income producing Real Property where the principal and interest can be serviced from cash flow generated by the underlying Real Property.

Trez believes that its key lending practices and advantages in this market include its: (i) flexible structuring capability, (ii) speed of approval and funding, and (iii) certainty of execution, all of which lead to repeat business opportunities.

In general, the Mortgages generate income through a rate of interest, which is typically payable periodically throughout the terms of the Mortgages, as well as Commitment Fees which generally are paid at the time of initial funding. All Mortgages are secured by Real Property consisting primarily of residential (generally not including single family residential), office, retail, industrial or other commercial property anywhere in Canada. Mortgages are either first ranking, a junior position in a first ranking Mortgage, or a second ranking Mortgage, and individual Mortgages may be secured by more than one property owned by the same mortgagor. See "Investment Strategies". Investments in Mortgages also are made in accordance with certain Investment Restrictions. See "Investment Restrictions".

Trez established the Company to take advantage of an under-serviced niche market that requires short-term, tailored bridge Mortgages to real estate investors and developers. Trez believes that it has competitive advantages which will enable the Company to achieve its investment objectives, namely: business processes that adhere to the strict standards of institutional investors; a comprehensive team including finance and accounting professionals, originators, underwriters and a team dedicated to servicing Mortgage investments; a disciplined due diligence process and stringent underwriting standards; strong and long standing relationships with a number of financial partners; an exclusive focus on Mortgage lending and related administration activities; and long-standing relationships with borrowers developed over the past 15 years.

See "The Company — Investment Rationale".

Credit Facility:	The Company may, from time to time at the discretion of Trez, borrow under the Credit Facility arranged by Trez with an arm's length Canadian chartered bank in order to (i) facilitate its operating activities and fund working capital requirements, (ii) facilitate payment of redemptions of Class A Shares, and (iii) facilitate entering into Mortgage loans or funding subsequent advances in an expedient manner. Trez currently expects that the Company will use the Credit Facility only for general working capital purposes and to bridge timing differences resulting from Mortgage loan maturities and new Mortgage loan funding. Trez does not intend to use the Credit Facility to leverage the returns from the Portfolio in order to achieve the targeted annualized yield to investors. Subject to complying with rules to qualify as a MIC, the aggregate principal amount outstanding under the Credit Facility will not exceed 20% the Company's NAV at any time (equivalent to a maximum ratio of 1.2:1 of total assets to NAV). See "Investment Strategies — Credit Facility".
Organization and Management of the Company:	*Manager and Portfolio Advisor:* The Manager acts as the manager of and portfolio advisor to the Company and provides or arranges for the provision of all management and administrative services required by the Company, other than the services provided by the Mortgage Broker. The Manager carries on business at 1550 - 1185 West Georgia Street, Vancouver, British Columbia V6E 4E6 and 401 Bay Street, Suite 1404, Toronto, Ontario M5H 2Y4. The Manager is responsible for directing the affairs and managing the business of the Company. The Manager is responsible for the execution of the Company's investment strategy. *Mortgage Broker and Promoter:* The Mortgage Broker provides or arranges for the provision of all services required by the Company and the Manager to source, due diligence, structure, advance and administer on a day-to-day basis the Mortgage investments of the Company. The Mortgage Broker has taken the initiative in founding and organizing the Company and is a "promoter" of the Company within the meaning of applicable securities legislation. *Auditor:* KPMG LLP, Chartered Accountants, at its offices in Vancouver, British Columbia, is the auditor of the Company. *Custodian:* Computershare Trust Company of Canada, at its offices in Toronto, Ontario, is the custodian of the Company's assets. *Registrar and Transfer Agent:* Computershare Trust Company of Canada, at its offices in Toronto, Ontario, is the registrar and transfer agent for the Class A Shares. See "Organization and Management Details of the Company".
Agents:	RBC Dominion Securities Inc., CIBC World Markets Inc., Canaccord Genuity Corp., BMO Nesbitt Burns Inc., Raymond James Ltd., Scotia Capital Inc., GMP Securities L.P., Macquarie Private Wealth Inc., Manulife Securities Incorporated, National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc. and Mackie Research Capital Corporation, as agents, conditionally offer the Class A Shares of the Company on a reasonable "best efforts" basis if, as and when issued, sold and delivered by the Company in accordance with the conditions contained in the Agency Agreement.

The Company has granted the Agents the Over-Allotment Option, exercisable for a period of 30 days from the closing of the Offering, to purchase additional Class A Shares representing up to 15% of the number of Class A Shares sold under the Offering, on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes.

See "Plan of Distribution".

Distribution Policy: Class A Shareholders are entitled to receive distributions as and when declared from time to time on the Class A Shares by the directors of the Company, acting in their sole discretion, out of the assets of the Company properly available for the payment of dividends and other distributions. The Company intends to make monthly cash distributions to Class A Shareholders of record on the last business day of each month and pay such cash distributions on or before the 15^{th} day of the following month. Notwithstanding the above, the Company has the right to determine a record date that is other than the last business day of each month. Beginning in September 2013, the Company will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount is approximately $0.0583 per Class A Share per month ($0.70 per annum representing an annual cash distribution of 7.0% based on the $10.00 per Class A Share issue price). The initial cash distribution is anticipated to be payable on or before September 15, 2012 to Class A Shareholders of record on August 31, 2012.

The Company does not intend to use leverage in order to achieve its initial cash distribution target. Trez believes that, based on current market conditions, the interest income generated from the Portfolio and the Commitment Fees received by the Company will be sufficient for the Company to maintain a stable NAV per Class A Share (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.70 per annum per Class A Share. The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Company will make any distributions in any particular month or months. If the Company's annual return is less than the amount necessary to fund the monthly distributions, the Company may not pay the full Indicative Distribution Amount. Alternatively, the Company may return a portion of its capital to Class A Shareholders to ensure that monthly distributions are paid, which would reduce the NAV per Class A Share.

See "Risk Factors" and "Distribution Policy".

Winding-Up of the Company: The Company may wind-up its affairs at any time with the approval of Class A Shareholders by an Extraordinary Resolution passed at a duly convened meeting of Class A Shareholders called for that purpose. See "Winding-Up of the Company".

Class A Share Redemptions: *Monthly Redemptions:* Outstanding Class A Shares may be surrendered for redemption during the applicable Monthly Redemption Notice Period for a redemption price per Class A Share equal to the lesser of: (i) 95% of the Trading Price; and (ii) the Market Price (the "Monthly Redemption Price"). Payment of the proceeds of redemption will be made on or before the Monthly Redemption Payment Date.

Annual Redemptions: Commencing in December 2013, outstanding Class A Shares may be surrendered for redemption during the applicable Annual Redemption Notice Period for a redemption price per Class A Share equal to the Annual Redemption Price. Payment of the proceeds of redemption will be made on or before the Annual Redemption Payment Date.

Limitations on Redemptions: The Company will not accept for redemption on any Monthly Redemption Date, other than in respect of an Annual Redemption Date, Class A Shares representing more than 5% of the average number of Class A Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Company will not accept for redemption on any Annual Redemption Date, Class A Shares representing more than 15% of the average number of Class A Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class A Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Company shall redeem such Class A Shares tendered for redemption and not withdrawn or revoked, on a pro rata basis. The directors of the Company may, in their sole discretion, waive the above limitations in respect of all Class A Shares tendered for redemption in respect of any one or more Monthly Redemption Dates or Annual Redemption Dates, as applicable.

See "Redemption of Class A Shares".

Use of Proceeds: The Company expects the net proceeds of the Offering to be used as follows:

	Maximum Offering(2)
Gross proceeds to the Company	$100,000,000
Agents' fees	$ 4,000,000
Estimated Expenses of the Offering(1)	$ 700,000
Net proceeds to the Company	$ 95,300,000

(1) The Manager has agreed to pay for the expenses of the Offering in excess of 1.5% of the gross proceeds of the Offering.

(2) The Maximum Offering amount is $100,000,000 (10,000,000 Class A Shares). There is no minimum amount of the Offering.

The Company will use substantially all of the net proceeds of the Offering to fund investments in Mortgages in a manner consistent with the investment objectives, strategies and restrictions of the Company. Any net proceeds not applied as described above will be used by the Company for general working capital expenditures. Based on its current monthly volume of funding new Mortgage loans, Trez expects that the net proceeds used to fund investments in Mortgages will be fully invested within three months following completion of the Offering.

See "Use of Proceeds".

Risk Factors: An investment in Class A Shares is subject to certain risks, including: (a) there is no assurance that the investment objectives of the Company will be achieved or that the Company will be able to make distribution payments at targeted levels or at all, (b) subordinate financing, which may be carried on by the Company, is generally considered a higher risk than primary financing, (c) fluctuations in the value of real estate and the effect of general economic conditions thereon, (d) concentration of investments held in the Portfolio, (e) the absence of insurance or return guarantees on Mortgages, (f) the impact of competition, (g) sensitivity to interest rates, (h) fluctuations in NAV and distributions, (i) the availability of Mortgage opportunities, (j) dilution of the interests and rights of Class A Shareholders, (k) risks related to Mortgage defaults, (l) foreclosure and related costs, (m) litigation risks, (n) the redemption of a significant number of Class A Shares, (o) the trading premium or discount at which Class A Shares may trade relative to the NAV per Class A Share, (p) maintenance of the Company's qualification as a MIC, (q) reliance of the Company on Trez, (r) the Company has a limited operating history, (s) the ability of the Company to fund its investments in Mortgages, (t) the use of debt financing, (u) conflicts of interest, (v) restrictions on ownership of Class A Shares which may result in repurchases of such Class A Shares, (w) adverse changes in legislation, (x) the ability of the Company to effectively manage its growth, and (y) environmental matters that may affect properties securing Mortgages. See "Risk Factors".

Summary of Income Tax Considerations:

Mortgage Investment Corporation

The Company intends to qualify as a MIC under the Tax Act throughout its current taxation year and for all of its future taxation years. A MIC is generally able to operate as a flow-through entity so that a Class A Shareholder of a MIC is taxed as if the investments owned by the MIC in underlying Mortgages were directly owned by the Class A Shareholder. Taxable dividends, other than capital gains dividends, received by a Class A Shareholder of a MIC are deemed to be interest received by the Class A Shareholder. Capital gains dividends are deemed to be capital gains of the Class A Shareholders.

The Tax Act imposes certain requirements for a corporation to qualify as a MIC in a taxation year. These requirements generally will be satisfied by the Company if, throughout the taxation year: the Company was a Canadian corporation for the purposes of the Tax Act; the only undertaking of the Company was investing its funds and it did not manage or develop real property; none of the Company's property consisted of specified types of foreign property; the Company had at all times at least 20 shareholders; no Class A Shareholder (together with Related Persons) held directly or indirectly more than 25% of any class of the issued shares of the Company; any preferred shares had certain rights to participate in dividends payable by the Company; at least 50% of the cost amount to the Company of its property consisted of certain residential Mortgages, deposits and money; not more than 25% of the cost amount to the Company of its property was attributable to real property or leasehold interests therein; and the Company's ratio of liabilities to the Company's cost amount of its property net of liabilities did not exceed certain limits.

Investment in Class A Shares by Deferred Income Plans

Class A Shares will be qualified investments for trusts governed by RRSPs, DPSPs, RRIFs, RDSPs, RESPs and TFSAs, provided that the Company qualifies as a MIC and does not hold any indebtedness of a person who is an annuitant, a beneficiary, an employer or a subscriber under (or a holder of) such Plan, or of any other person who does not deal at arm's length with that person. The Class A Shares will also be qualified investments for such plans if they are listed on a designated stock exchange, which currently includes the TSX.

Notwithstanding that the Class A Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or annuitant under the RRSP or RRIF will be subject to a penalty tax if such securities are a "prohibited investment" for the TFSA, RRSP or RRIF, as applicable. The Class A Shares will generally be a "prohibited investment" if the holder of a TFSA or annuitant under the RRSP or RRIF does not deal at arm's length with the Company for purposes of the Tax Act or the holder of the TFSA or annuitant under the RRSP or RRIF has a "significant interest" (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm's length for purposes of the Tax Act. A "significant interest" in a corporation generally means ownership of 10% or more of the issued shares of any class of the capital stock of the corporation (or of any related corporation), either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act. Holders of a TFSA, RRSP and RRIF should consult their own advisors in this regard.

Taxation of the Company

The Company is deemed to be a public corporation for tax purposes and as such is subject to tax at the full corporate rate on its taxable income. However, as long as the Company is a MIC, generally the Company is able to deduct in computing its income for a taxation year the amount of its income for that year that is distributed to its shareholders. The Company is entitled to deduct in computing its income for a taxation year: (i) all taxable dividends, other than capital gains dividends, paid by the Company to its shareholders during the year or within 90 days after the end of the year; and (ii) one-half of all capital gains dividends paid by the Company to its shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Company must elect to have the full amount of a dividend qualify as a capital gains dividend. The payment of capital gains dividends will allow the Company to flow capital gains it realizes through to its shareholders.

The Company intends to pay dividends to the extent necessary to reduce its taxable income each year to nil so that it has no tax payable under Part I of the Tax Act and to generally elect to have dividends be capital gains dividends to the maximum extent allowable. Any dividends deemed to be paid by the Company on the redemption of Class A Shares will be deductible by the Company, and will qualify for treatment as capital gains dividends, on the same basis as other dividends.

Taxation of Class A Shareholders

Capital gains dividends on the Class A Shares will be treated as a capital gain of the Class A Shareholder from a disposition of capital property. Ordinary taxable dividends (i.e., dividends other than capital gains dividends) paid by the Company on the Class A Shares, whether received in cash or reinvested in additional Class A Shares, will be included in the Class A Shareholder's income as interest. The amount of a dividend reinvested in additional Class A Shares will be added to the cost amount of such Class A Shares and will be averaged with the cost amount of other Class A Shares owned by the Class A Shareholder in determining the adjusted cost base of a Class A Shareholder's Class A Shares. A sale or other disposition of Class A Shares (other than to the Company) by a Class A Shareholder who holds Class A Shares as capital property will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Class A Shares exceed (or are exceeded by) the Class A Shareholder's adjusted cost base of such Class A Shares and any reasonable disposition costs. One-half of capital gains ("taxable capital gains") realized in the year by a Class A Shareholder generally will be included in the Class A Shareholder's income for the year, and one-half of capital losses ("allowable capital losses") realized in the year generally must be deducted from the Class A Shareholder's taxable capital gains realized in such year. Allowable capital losses in excess of taxable capital gains for a year may be carried forward and back in accordance with detailed rules in the Tax Act.

On a redemption or acquisition of Class A Shares by the Company, the Class A Shareholder will be deemed to have received, and the Company will be deemed to have paid, a dividend in an amount equal to the amount by which the redemption price exceeds the paid-up capital of the Class A Shares. This deemed dividend will be treated in the same manner as other dividends received by the Class A Shareholder from the Company, and will depend on whether the Company elects that the entire dividend be a capital gains dividend. The balance of the redemption price will constitute proceeds of disposition of the Class A Shares for purposes of calculating any capital gain (or capital loss) on such redemption.

See "Canadian Income Tax Considerations".

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Company. The fees and expenses payable by the Company will reduce the value of your investment in the Company. For further particulars, see “Fees and Expenses”.

Type of Fee	Amount and Description
Fees Payable to the Agents:	$0.40 per Class A Share (4.0%) (assumes completion of the Offering).
Expenses of the Offering:	The expenses of the Offering, estimated to be $700,000, subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Agents’ fees in respect of the Offering, be paid from the gross proceeds of the Offering. The Manager has agreed to pay for the expenses of the Offering in excess of 1.5% of the gross proceeds of the Offering.
Management Fee:	For acting as the manager of and portfolio advisor to the Company, the Manager receives from the Company a management fee equal to 1.35% per annum of the NAV of the Company, calculated daily and paid monthly in arrears, together with an amount equal to the Trailer Fee, in each case plus applicable taxes. The Manager, in turn, pays Trailer Fees to registered dealers. See “Fees and Expenses — Management Fees and Operating Expenses”.
Performance Fee:	The Manager also is entitled to an annual Performance Fee each calendar year equal to 20% of the amount by which the Net Return for that year exceeds the product of (i) the average month-end NAVs during such year, and (ii) the average of the two-year Government of Canada bond yield on the last day of each calendar month during the year plus 450 basis points (the “Hurdle Rate”) and prorated for any partial years. For the year ended December 31, 2011, the Hurdle Rate was 5.88%.
Operating Expenses of the Company:	The Company will pay for all expenses it incurs in connection with its operation and management. The Company also will be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service and costs relating to any credit facilities and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable. See “Fees and Expenses — Management Fees and Operating Expenses”.
Trailer Fee:	The Manager will pay to each registered dealer readily identifiable on the records maintained by or on behalf of the Company a trailer fee equal to 0.50% annually of the NAV per Class A Share held by clients of the registered dealer, calculated and paid at the end of each calendar quarter commencing on September 30, 2012, plus applicable taxes. The Manager may, from time to time, pay the Trailer Fee more frequently than quarterly, in which event the Trailer Fee will be pro rated for the period to which it relates. See “Fees and Expenses — Sales Commission and Trailer Fees”.

THE COMPANY

Capitalized terms used in this prospectus have defined meanings. Please refer to the Glossary of Terms earlier in this prospectus for the respective meanings of defined terms used herein.

Overview of the Legal Structure of the Company

The Company

Trez Capital Mortgage Investment Corporation is a federal corporation incorporated under the *Canada Business Corporations Act* pursuant to articles of incorporation dated April 18, 2012. The Company's head and registered office is at 1550-1185 West Georgia Street, Vancouver, British Columbia V6E 4E6.

Status of the Company

The Company is a non-redeemable investment fund and invests and reinvests its assets in Mortgages. The Company is not considered to be a mutual fund under applicable Canadian securities legislation. Consequently, the Company is not subject to the policies and regulations that apply to publicly offered mutual funds including, in particular, NI 81-102.

The Company differs from a publicly-offered mutual fund in a number of important respects. Those differences include the fact that:

1. the Company is not subject to the prescribed investment restrictions of NI 81-102 and, accordingly, is permitted to invest in Mortgages and to borrow funds;
2. the Class A Shares are listed and posted for trading on the TSX as opposed to most mutual fund securities which are not listed; and
3. Class A Shares are redeemable on each Annual Redemption Date based upon the applicable NAV per Class A Share, as opposed to most mutual funds which are redeemable daily at net asset value.

The Company qualifies as a MIC and is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Class A Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Investment Rationale

Overview

Trez has been originating Mortgages for over fifteen years and believes there is a large segment of the Canadian Mortgage lending market which continues to be under-serviced by traditional real estate lenders. Canadian financial institutions generally do not dedicate significant resources to originate, structure and administer short-term bridge Mortgages to real estate investors and developers, and typically cannot provide the flexibility or timeliness required to meet the needs of these borrowers. Trez has established its mortgage investment funds to take advantage of this under-serviced niche market that requires short-term, tailored Mortgages. These Mortgages generally are structured as first or second ranking Mortgages with relatively attractive pricing and prudent Loan-to-Value ratios. In some cases, Trez may permit a third party investor (typically a Canadian chartered bank, a trust company or another mortgage investment fund) to participate in a senior portion of a first Mortgage at a reduced interest rate, thereby enabling the Company to retain a disproportionately large amount of interest revenue when compared to the portion of the Mortgage it retains. The Company is targeting an annualized yield to investors of 7.0%, after all fees and expenses.

For over fifteen years, Trez has managed a series of mortgage investment funds previously offered to investors on a prospectus-exempt and non-exempt basis. The current investment opportunity allows investors to access Trez's extensive experience and track record in order to invest in an opportunistic, fully-secured, high-yield portfolio of Mortgages originated by a sophisticated, high quality licensed mortgage broker. With its strong platform and Mortgage lending expertise, Trez is able to tailor Mortgages in terms of:

- *Timing:* Mortgages can be funded in as little as two to three weeks to meet short deadlines for qualified real estate investors and/or developers;

- *Terms:* While Canadian financial institutions typically offer only 5 to 10 year fixed term Mortgages, Trez can arrange for shorter-terms (such as 6-36 months) with early and flexible repayment options; and
- *Payment:* In appropriate circumstances, Mortgages can be structured by Trez to require interest-only payments while Mortgages provided by Canadian financial institutions typically require a combination of interest and principal repayment. The Mortgages also generally permit early repayment without penalty on appropriate notice.

The Mortgages structured by Trez can benefit borrowers by providing (a) the ability to execute quickly on real estate investment opportunities, (b) loan terms that are in-line with the real estate investor's business model, and (c) potentially lower monthly payments through interest-only payments. As a result of the above, borrowers are generally willing to pay higher interest rates for such short-term Mortgages.

Competitive Advantages

Trez believes that the following competitive advantages will enable the Company to achieve its investment objectives:

Institutional calibre management team and processes combined with an entrepreneurial approach to real estate lending

Trez has been managing mortgage investment funds for institutional investors since 2007, including for some of the largest pension funds in Canada. As such, Trez has developed business processes that adhere to the strict standards of institutional investors, including disciplined due diligence and loan underwriting, strong corporate governance practices, regular and detailed financial reporting, and professional administration. While adhering to these standards, Trez has demonstrated its ability to execute on creative financing structures that are better suited to meet the needs of borrowers than structures offered by financial institutions in light of the unique circumstances often faced by such borrowers. As certainty of execution is often a key consideration for a borrower when selecting a credit provider, Trez believes that its reputation for quick turnaround and an ability to creatively solve issues as they arise, combined with its long standing institutional support across Canada, gives it a strong competitive advantage relative to its peers.

Experienced senior management team, depth of management support, and successful track record

Trez's business was built on the strength of its experience, the depth of its management team, its long standing borrower and investor relationships, its well regarded reputation and its successful track record in the Canadian mortgage lending industry. Trez commenced operations in September 1997 in order to raise a pool of capital for investment in Mortgages primarily in the commercial and multi-unit residential markets. Since inception, Trez has established a number of mortgage investment funds, in addition to syndicating Mortgages to individual investors. Trez has been expanding its operational footprint further into Eastern Canada over the past three years, with the result that Trez is seeing increased deal flow from all parts of Canada. Trez currently is one of the largest alternative lenders of short-term bridge Mortgages in Canada with approximately $1.3 billion in fee-earning assets of which approximately $800 million is currently invested in Mortgages and the balance is a portfolio of real estate assets managed on behalf of a major Canadian pension fund. Trez has assembled a comprehensive team of 48 individuals, including fourteen finance and accounting professionals, nine originators, seven underwriters and a team dedicated to servicing the Mortgage investments managed by Trez.

Disciplined due diligence process and stringent underwriting standards

Each Mortgage loan made by Trez is evaluated based on its individual attributes, as well as its contribution to the overall portfolio of Mortgages managed by Trez. For the Mortgages it approves and includes in the Company's Portfolio, Trez applies the disciplined due diligence process and stringent underwriting standards that it has developed through years of experience managing assets on behalf of institutional investors. See "Investment Strategies — Investment Process" for a description of Trez's Mortgage approval process.

Strong relationships with institutional investors, lenders and other financial institutions

Trez enjoys strong and long standing relationships with a number of financial partners over several areas of its business. Investors in Trez's investment funds include some of Canada's largest pension plans. Trez also has completed multiple and repeat Mortgage participation transactions with a number of Canadian financial institutions. In these transactions, it is typical for Trez to retain control over the administration of the Mortgage, including after any event of default (notwithstanding that Trez's investment funds are in the junior position), which demonstrates confidence by such financial partners in Trez's Mortgage administration skills. Trez also enjoys ongoing access to capital through a number of separate credit facilities currently available to other mortgage investment funds it manages, with an aggregate maximum principal amount close to $100 million. These other mortgage investment funds have experienced annual redemptions by investors, on average, below 4% since 2005.

Focused business model

Currently, Trez is engaged exclusively in Mortgage lending and related administration activities — it does not invest in real estate assets for its own account, nor does it lend to non-real estate projects or companies. This focus has allowed Trez to develop and maintain a specific expertise in the non-traditional Mortgage lending industry. With $1.3 billion in fee-earning assets, Trez is a sizeable participant in the Canadian non-bank mortgage lending industry, providing borrowers with comfort on Trez's credibility and ability to fund Mortgage commitments. Trez has Mortgage investments across Canada and continues to lend to real estate projects in primary and secondary markets nationwide.

Strong relationships with proven borrowers

As a successful investor in Mortgage loans, Trez has built long-standing relationships with borrowers over the past 15 years. Many of Trez's borrowers are active real estate investors or developers that have recurring financing needs over time across their portfolios. By providing professional and reliable services to these borrowers, Trez is able to establish a preferred lender status with these real estate investors and developers, and Trez is well known in the non-bank real estate lending industry across Canada in this capacity. Trez continues to provide significant financing for borrowers that were among Trez's original borrowers upon inception in the late-1990s, and Trez estimates that more than 50% of the loans that it has funded since 2009 have been made to borrowers who have borrowed from Trez in the past. As assessing the identity and creditworthiness of the borrower is a key due diligence milestone and one that often involves subjective judgments by Trez, repeat credible borrowers are preferred by Trez as Trez's familiarity with the borrower can accelerate the Mortgage approval process. Further, borrowers who are familiar with Trez's underwriting and funding process are more suited to respond to Trez's due diligence requests in a timely and efficient manner, further accelerating the funding process. Trez utilizes its network of existing business contacts, repeat borrowers and its reputation in order to identify potential opportunistic transactions for its investment funds.

INVESTMENT OBJECTIVES

The investment objectives of the Company are to acquire and maintain a diversified portfolio of Mortgages that preserves capital and generates attractive returns in order to permit the Company to pay monthly distributions to its Class A Shareholders.

INVESTMENT STRATEGIES

Investment Focus

The Company seeks to accomplish its investment objectives through prudent investments in Mortgages to qualified real estate investors and developers, focusing primarily on short-term bridge financing needs not currently serviced by traditional real estate lenders. Mortgages are secured primarily by income producing Real Property where the principal and interest can be serviced from cash flow generated by the underlying Real Property. The Company is not in the business of lending money on the security of real estate and therefore is not licensed under provincial mortgage broker legislation. Mortgage investment opportunities generally are originated by the Mortgage Broker (a licensed mortgage broker), then selected by the Manager for the Company only if suitable to it. See "Investment Strategies — Investment Process". Trez believes that its key lending practices and advantages in this market include its: (i) flexible structuring capability, (ii) speed of approval and funding, and (iii) certainty of execution, all of which lead to repeat business opportunities.

In general, the Mortgages generate income through a rate of interest, which is typically payable periodically throughout the terms of the Mortgages, as well as Commitment Fees which generally are paid at the time of initial funding. All Mortgages are secured by Real Property consisting primarily of residential (generally not including single family residential), office, retail, industrial or other commercial property anywhere in Canada. Mortgages are either first ranking, a junior position in a first ranking Mortgage, or a second ranking Mortgage, and individual Mortgages may be secured by more than one property owned by the same mortgagor. In some cases, Trez retains the entire Mortgage for the Company and other investment funds it manages. In other cases, Trez permits a third party investor (typically a Canadian chartered bank, a trust company or another mortgage investment fund) to participate in a senior portion of a first Mortgage at a reduced interest rate, thereby enabling the Company to retain a disproportionately large amount of interest revenue when compared to the portion of the Mortgage it retains. This practice — sometimes referred to as "tranching" — enables the Company to effectively increase its returns while using less capital for each Mortgage investment (thereby facilitating greater diversification for the Company) and, in all cases, retains Trez's control over administering the entire Mortgage. The third party is given priority for payment on its "senior" position in the Mortgage in return for receiving less interest than the stipulated rate of the Mortgage and Trez believes the Company receives a disproportionately larger amount of interest revenue compared to the change in risk associated with the portion of the Mortgage it retains. An investment by the Company in a second Mortgage differs from a junior position in a first Mortgage in that a second Mortgage has a lower priority for repayment and Trez does not have control over administering the first Mortgage should a default occur.

Due to the short-term nature of the Mortgages, Trez expects the Company's Portfolio to turnover approximately every 18 months.

Trez believes that the reduced number of Mortgage financing options available to owners of properties will allow the Company to earn above-average returns for a given risk profile and to be selective in its investments. See "The Company — Investment Rationale — Overview".

Investment Process

Trez utilizes an investment process that is characterized by a top-down approach to identify attractive Mortgage opportunities, beginning first with a macro-level economic analysis of various geographic markets and asset classes, and followed by the identification and evaluation of individual Mortgage opportunities. Once a Mortgage opportunity is determined by Trez to be satisfactory based on an initial review, Trez performs comprehensive due diligence on the underlying assets. This top-down approach to Mortgage approval is expected to result in Mortgage investments by the Company that are high quality and offer attractive returns on a risk adjusted basis.

Due diligence procedures undertaken by Trez prior to funding Mortgages have resulted in a strong record of return of principal and interest from Mortgages placed by Trez.

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

Mortgage Approval Stage		Mortgage Approval Activity
Credit Committee First Review	➧	Trez's Credit Committee reviews a discussion paper prepared by the Mortgage originator which details the proposed loan terms and preliminary analysis based on the preliminary information received from the prospective borrower, together with some initial due diligence.
Letter of Intent	➧	A letter of intent is reviewed and approved by the manager of underwriting and a Credit Committee member, then sent to the proposed borrower for signature and return, together with a deposit cheque from the borrower sufficient to cover third party due diligence, legal and other costs.
Due Diligence	➧	The mortgage officer (underwriter) assigned to the proposed transaction conducts due diligence including a review of credit checks, financial statements and personal net worth statements of the prospective borrower(s) and any guarantor(s); internet searches; third party reports (such as valuation appraisals, environmental, building condition assessment and geotechnical appraisals, and quantity surveyor reports); rent rolls, leases, and estoppel certificates; a development budget and schedules, zoning and permits; and prior and subsequent ranking mortgage balances. The mortgage officer also reviews the remainder of the information in Trez's due diligence checklist and completes an underwriting analysis model. The mortgage officer proceeds with completion of a term sheet which details the loan terms, underwriting and due diligence, and comprises a complete analysis of the loan.
Underwriting Review Meeting	➧	The manager of underwriting analyzes the underwriting inputs, assumptions, supporting due diligence and output analysis.
Credit Committee Second Review	➧	The term sheet and commitment letter approved by the mortgage officer and manager of underwriting is reviewed and approved by Trez's Credit Committee.
IRC Review	➧	If the Mortgage originator is a member of the Credit Committee, the proposed transaction is submitted to the IRC and can be made by the Company only upon a favourable recommendation by the IRC.
Commitment Letter	➧	The commitment letter is sent to the borrower for signature.
Mortgage Funding Process	➧	Trez's legal counsel prepares legal documents, obtains title insurance, and conducts the required enquiries and searches. Trez obtains advice from an insurance consultant whether the current and/or proposed insurance coverage is adequate.
Final Due Diligence Meeting and Funding	➧	The mortgage officer, Trez's Mortgage Funding Department, the originator and the Vice-President of Loan Administration confirm that all due diligence and funding requirements have been completed. Trez's Treasury Department identifies the source of the funds and funding parties for the Mortgage. Legal counsel registers the Mortgage and other security documents and ensures all conditions are satisfied before releasing funds to the borrower.

As new Mortgage investments are approved by Trez following the procedures summarized above, the Manager determines whether the Mortgage investment opportunity is suitable for the Company, having regard for the Company's investment objectives, strategies and restrictions and the Manager's goal of maintaining a diversified, fully-invested portfolio for the Company. Where the Manager determines that a new Mortgage investment opportunity is suitable for more than one investment fund managed by the Manager, the investment funds, when practicable, participate *pro rata* in that opportunity based upon, among other things, the relative importance of the investment opportunity to the fulfillment of each investment fund's objectives and the relative amount of assets under management in each investment fund. See "Organization and Management Details of the Company — Policies and Procedures of the Manager".

The Manager intends to manage the risk to Class A Shareholders by diversifying the Portfolio geographically and across residential, industrial, retail and office sectors. To manage and diversify risk, Trez may permit one or more investors to participate in Mortgages. See "Mortgage Tranching" below.

Mortgage Tranching

The Company may hold interests in Mortgages in which Trez has permitted third parties (typically Canadian chartered banks, trust companies and other mortgage investors) to participate in senior portions at reduced interest rates. This enables the Company to retain a disproportionately large amount of interest revenue when compared to the portions of the Mortgages it retains. This practice — sometimes referred to as "tranching" — enables the Company to effectively increase its returns while using less capital for each Mortgage investment (thereby facilitating greater diversification for the Company) and, in all cases, retaining Trez's control over administering the entire Mortgage. Trez believes that tranching enhances risk-adjusted returns as the interest rate received by the Company is significantly higher than the rate it would have obtained under an equivalent non-tranched Mortgage.

The participation interests of the Company and third parties in Mortgages generally are represented through participation agreements under which Trez retains control over administering the entire Mortgage. The standard participation agreements used with respect to Mortgages provide that, in the event of a failure by the borrower to pay any amount owing under a Mortgage, the mortgagees are entitled to enforce the Mortgage in accordance with applicable law. In the event of a failure by a mortgagor to make a scheduled payment of interest and/or principal, the mortgagees will immediately communicate with the mortgagor and, failing prompt rectification, will issue a notice of their intent to exercise such remedy or remedies available to the mortgagees which Trez considers appropriate. All legal costs, costs related to registration of Mortgages and costs relating to obtaining appraisals of Real Property, as allowed by law, are for the account of the mortgagors.

The participation agreements provide a legal entitlement of the Company in the subject Mortgage, although not a directly registered interest. Where appropriate and in most cases, title insurance is obtained. Any title insurance is held in the name of the Manager and not the Company. In addition, the lender of record obtains standard security in respect of commercial Mortgages which, depending on the specific Mortgage, may include one or more of an assignment of rents, an assignment of purchase agreements (on residential development projects), a general security agreement and personal covenants from borrowers.

Credit Facility

The Company may, from time to time at the discretion of the Manager, borrow under the Credit Facility arranged by Trez with an arm's length Canadian chartered bank in order to (i) facilitate its operating activities and fund working capital requirements, (ii) facilitate payment of redemptions of Class A Shares and enhance liquidity of assets, and (iii) facilitate entering into Mortgage loans or funding subsequent advances in an expedient manner. Trez currently expects that the Company will use the Credit Facility only for general working capital purposes and to bridge timing differences resulting from Mortgage loan maturities and new Mortgage loan funding. The Company also may use the Credit Facility to fund new Mortgages as an interim measure prior to raising additional capital. Trez does not intend to use the Credit Facility to leverage the returns from the Portfolio in order to achieve the targeted annualized yield to investors. Subject to complying with rules to qualify as a MIC, the aggregate principal amount outstanding under the Credit Facility will not exceed 20% of the Company's NAV at any time (equivalent to a maximum ratio of 1.2:1 of total assets to NAV).

The lender under the Credit Facility is at arm's length to the Company and Trez. The terms, conditions, interest rate, fees and expenses of and under the Credit Facility are typical of credit facilities of this nature. The Company provides to the lender a security interest in favour of the lender on the assets of the Company to secure such borrowings.

The Company will not guarantee securities or obligations of any person or company.

OVERVIEW OF THE SECTOR THAT THE COMPANY INVESTS IN

Canadian Mortgage Lending Industry

Trez believes that the fundamentals for real estate investment and development remain favourable in Canada as real estate capitalization rates remain high relative to government bond yields and Canadian real estate operating fundamentals remain sound which continue to attract sustained investor demand. The continued strong demand for investment real estate is largely due to there having been relatively little new construction or investment in real estate in recent years, such that the market has not been saturated by an oversupply of properties. The demand has remained stable as real estate investment trusts (REITs) and pension funds continue to raise capital to acquire new assets. Furthermore, an abundance of domestic and foreign investment capital continues to be deployed in Canadian direct real estate equity investments, contributing to continued strong demand. Canadian real estate prices have appreciated recently and are expected to remain stable due to a balance between supply and demand, and disciplined investors remain focused on strong fundamentals and risk management rather than speculation. These valuations and fundamentals continue to provide an attractive market for Mortgage lending in high quality real estate assets across Canada.

According to the Canadian Institutional Commercial Mortgage Market Report, 2011 published by The Real Property Association of Canada, the estimated total size of the disclosed institutional commercial mortgage market was $110.9 billion as at May 2011. Of the total non-residential commercial mortgages, independent financial institutions have contributed approximately 4% as of the first quarter of 2012. The total non-residential commercial mortgage loans originated by non-traditional financial institutions has increased by a compound annual growth rate of 15% since 2010, as compared to a compound annual growth rate of 6% experienced by the traditional banks, mortgage loan companies and credit unions.

Since the global credit crisis in 2008 and early 2009, the amount of Mortgage financing available for investment in real estate has contracted. Traditional financial institutions, pension funds, insurance companies, and other institutional lenders have reduced their available credit for commercial Mortgages for a variety of reasons, including increasingly strict impositions by Canadian regulatory agencies on lending practices and attrition of market participants through bankruptcy. Many large and small traditional lenders have contracted their new lending activities and focused on increasing the strength of their own balance sheets while restricting their credit to fewer borrowers. Furthermore, recent volatility and uncertainty in the debt capital markets has limited the availability of funds from Canadian financial institutions, regardless of the quality of the borrower or loan, all of which is further exacerbated by the effective disappearance of the Canadian commercial mortgage backed securities (CMBS) market, which was a significant source of commercial real estate term loans accounting for over 25% of new commercial real estate debt in Canada in 2006 prior to the financial crisis of 2008. With available Mortgage capital declining, the remaining market participants have become more selective in underwriting higher quality Mortgages. Due to the factors outlined above, Trez believes that there will remain strong availability of selective lending opportunities.

The traditional Canadian financial institutions have particularly underserviced borrowers who require funding in the transition phase of the investment process, including construction, development or repositioning and lease-up financing. The traditional financial institutions do not typically provide financing to this market due to the short-term nature of the mortgages and the limited size of the loans. The Company is therefore able to benefit from this transition phase where investors need interim funding to add value to a property prior to obtaining long-term financing. With a limited supply of financing available in the transitional phase of real estate investments, borrowers are often willing to pay higher interest rates of approximately 800 to 900 basis points over the corresponding Government of Canada bonds for these short-term mortgages. Once the transitional phase of the underlying property is complete, the properties can be refinanced with longer-term, lower interest Mortgage loans from traditional Canadian financial institutions.

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

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

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

Residential

Residential and multi-residential real estate primarily consists of apartment buildings, retirement residences, student residences, residential building lots and condominium inventory. Though this rental apartment asset class is considered to have consistently high demand and a relatively low level of risk, the sector does experience considerable tenant turnover. Nonetheless, the impact of turnover to the investor's profitability is often low as the turnover is spread across a large tenant base. Demand in residential real estate is driven by various community characteristics including security, access to public transportation, education, and well-maintained infrastructure. Student housing has a captive tenant base that values proximity to universities and colleges, and is primarily multi-residential often with a single unit containing multiple bedrooms adjoined by a common area and kitchen; Trez focuses on off-campus student housing properties, preferably with parental rent guarantees. Rental rates on residential leases can change annually, as compared to alternative sectors that generally lock in rental rates for longer-term leases (5 to 10 years). Residential properties require less capital expenditure in order to continue ongoing operations and generate income. In addition to lending against rental properties, the Company may also partake in condominium inventory loans, whereby the Company will lend against units in a fully developed for-sale development condominium project that is typically 80% to 90% sold, as developers will often use financing provided by the Company to repay a portion of the construction financing outstanding, or as an advance on development profits. In this case, the Company will lend against the unsold units as a pool, but will get first priority of payment as condominium units are sold until the Company's loan is fully paid out. Trez only pursues condominium inventory loans in major centers with developed condominium markets. Canadian residential real estate market fundamentals remain healthy, with the average rental apartment vacancy rate in Canada's 35 major census metropolitan areas decreasing to 2.3% in April 2012 from 2.5% in April 2011, which the Canada Mortgage and Housing Corporation ("CMHC") expects to further decline to 2.1% in 2013.

Retail

Retail buildings are leased to businesses that sell products and services directly to consumers generally for their personal consumption. The demand for retail real estate is driven by location, visibility, population density and traffic. Returns from retail investments tend to be stable as retail leases are generally longer term as compared to office tenants. Investment risk can also be mitigated due to the diversity of retailers in a given property. The large anchors in a shopping centre may pay lower rental rates, but will increase traffic for smaller retailers that pay higher rates. Trez classifies shopping centres into six principal types:

- Power Centres — Specific purpose-built retail centres that are typically open-air and are comprised of three or more large-format retailers that are mostly freestanding.
- Retail Malls — An all-purpose centre that is typically fully enclosed and includes retailers usually selling fashion apparel, accessories and other discretionary goods but also provides services in full depth and variety. Its main attraction is generally a combination of anchors.

- Factory Outlet Centres — Consists of separate manufacturers and retailers' outlet stores selling goods at discount prices. Could be either open-air or enclosed/covered.
- Neighbourhood Centres — A general-purpose centre that could be either open-air or enclosed/covered and provides convenience shopping for the daily needs of consumers in the immediate neighbourhood, and is typically anchored by a supermarket or drugstore.
- Convenience Centres — A limited-purpose centre that could be either open-air or enclosed/covered that provides a narrow mix of goods and personal services to a very limited trade area, including walk-in traffic. A typical anchor would be a convenience store.
- Freestanding Stores — Single store or multi-stores that are stand-alone, self contained, not physically connected to other stores in the vicinity.

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

Industrial

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

Office

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

Development Land

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

Types of Mortgages

The Company focuses on short-term bridge financing Mortgages to qualified real estate investors and developers. Mortgages are either first ranking, a junior position in a first ranking Mortgage, or a second ranking Mortgage. Bridge mortgages are short-term loans, typically borrowed to bridge a short period of time, generally ranging between 6 months and 3 years. Bridge loans are often used for capital repairs to a property, redevelopment of a property, or the purchase of another investment. Bridge loans typically bear higher rates of interest than traditional debt financing. A sale of the property or a debt refinancing will often provide sufficient proceeds to repay the bridge mortgage.

In some cases, Mortgages may finance Real Property development or construction. Development mortgages are typically loans secured against development lands prior to development or with existing buildings that are slated for redevelopment in the short term. In either case, the majority of the value of the asset is in the underlying land. Development mortgages are frequently used to assist in funding site acquisitions, predevelopment costs, and costs associated with servicing sites with infrastructure. Construction loans are used to finance the construction of Real Property. Often, construction loans contain features such as interest reserves where repayment ability may be based on an event that can occur only once the project is built, and/or interest-only payments, and in either case often become due upon completion of the project. Construction loans are variable-rate, and often require special monitoring and guidelines to ensure that the project is completed and that repayment can begin to take place.

INVESTMENT RESTRICTIONS

The assets of the Company are invested in accordance with its investment objectives. The Company intends to qualify as a MIC and, as such, is subject to certain investment restrictions under applicable law that, among other things, limit the investments that may be made by the Company. The following Investment Restrictions may not be changed without the approval of the Class A Shareholders by Extraordinary Resolution (see "Shareholder Matters — Meetings of Class A Shareholders"):

1. the Company will not make any investment or conduct any activity that would result in the Company failing to qualify as a "mortgage investment corporation" within the meaning of the Tax Act;
2. the Company will not invest in securities other than: (i) Mortgages secured by Real Property, and (ii) Authorized Interim Investments;
3. the Company will invest only in Mortgages on the security of Real Property situated within Canada and no more than 10% of the Company's assets will be invested in Mortgages on the same Real Property at the time of funding the Mortgages;
4. at the time of funding each Mortgage: (i) its Loan-to-Value will not exceed 85%, and (ii) the weighted average Loan-to-Value of the entire Portfolio will not exceed 75%;
5. not more than 20% of the Company's assets will be invested in Mortgages of the same borrower at the time of funding the Mortgages;

6. not more than 30% of the principal amount of the Portfolio will be invested in Mortgages secured by non-income producing Real Property at the time of funding the Mortgages;

7. the average term to maturity of Mortgages in the Portfolio will not exceed 36 months at the time of funding the Mortgages;

8. not more than 40% of the principal amount of the Portfolio will be secured by second Mortgages at the time of funding the Mortgages (for greater certainty, a junior position in a first ranking Mortgage is not considered a second Mortgage);

9. the Company will not invest in Real Property; however the Company may hold Real Property acquired as a result of foreclosure where such foreclosure is necessary to protect the Mortgage investment of the Company as a result of a default by the mortgagor. The Company will use its commercially reasonable best efforts to dispose of any such Real Property acquired on foreclosure;

10. the Company will not invest in ABCP or in securitized pools of Mortgage loans, including securitized pools of sub-prime Mortgage loans (being loans to borrowers with bad or no credit history);

11. the Company will not borrow money in excess of 20% of the Company's NAV at any time;

12. the Company will not guarantee securities or obligations of any person or company;

13. the Company will not engage in securities lending; and

14. the Company will not engage in derivative transactions, other than derivative transactions to hedge interest rate risk and not for speculative purposes.

THE PORTFOLIO

As of August 28, 2012, the Portfolio was comprised of 13 Mortgages with an aggregate outstanding principal amount of $83,333,972, a weighted average Yield of 9.35%, a weighted average Loan-to-Value of 65.8% and a weighted average term to maturity of 20 months. Yield does not include Commitment Fees received by the Company in respect of its Mortgage investments. As of August 28, 2012, the Company also had five outstanding commitments to make future Mortgage investments with an aggregate principal amount of $21,560,642. Accordingly as of August 28, 2012, the aggregate capital of the Company committed to Mortgage investments was $104,894,614.

The following table summarizes, as of August 28, 2012, the 13 Mortgages comprising the Portfolio:

Holding	Property Type	Province	Principal Amount ($)	Loan-to-Value (%)	Term to Maturity (months)	Yield (%)	Position	% of NAV
Mississauga — Office	Office	Ontario	10,700,000	74.0	18	8.25	First	9.82
Dartmouth — Apartments	Residential	Nova Scotia	9,012,000	79.2	30	7.13	First	8.28
Calgary — Office	Office	Alberta	10,042,581	52.4	18	9.00	Second	9.22
Waterloo — Student Housing	Residential	Ontario	2,670,586	53.3	18	12.31	First	2.45
Waterloo — Student Apartments	Residential	Ontario	2,053,095	60.6	24	10.99	First	1.89
Edmonton — Industrial	Industrial	Alberta	7,683,560	77.3	25	9.00	First	7.06
Richmond — Industrial	Industrial	British Columbia	2,421,000	83.5	10	7.75	First	2.22
Quebec City — Residential	Residential	Quebec	6,000,000	52.1	25	9.75	First	5.51
Edmonton — Industrial	Industrial	Alberta	10,000,000	85.0	10	7.76	First	9.18
Markham — Residential	Residential	Ontario	8,500,000	43.7	25	10.00	First	7.80
Sydney — Residential	Residential	Nova Scotia	1,895,000	72.5	19	8.50	First	1.74
Edmonton — Industrial	Industrial	Alberta	1,956,150	55.7	19	8.50	First	1.80
Fort McMurray — Apartments	Residential	Alberta	10,400,000	58.3	13	12.00	First	9.55
Total			83,333,972					76.52

The following table summarizes, as of August 28, 2012, the number, aggregate outstanding principal amount and percentage of Mortgages comprising the Portfolio by property type:

Property Type	Mortgages (#)	Aggregate Outstanding Principal Amount ($)	Aggregate Outstanding Principal Amount (%)
Residential	7	40,530,681	48.6
Retail	—	—	—
Industrial	4	20,742,581	24.9
Office	2	22,060,710	26.5
Development land	—	—	—
Total:	13	83,333,972	100.0

The following table summarizes, as of August 28, 2012, the Mortgages comprising the Portfolio by Yield:

Yield	Mortgages (#)	Aggregate Outstanding Principal Amount ($)	Aggregate Outstanding Principal Amount (%)
7.00% to 7.49%	1	9,012,000	10.8
7.50% to 7.99%	2	10,000,000	12.0
8.00% to 8.49%	1	10,700,000	12.8
8.50% to 8.99%	2	3,851,150	4.6
9.00% to 9.49%	1	10,042,581	12.1
9.50% to 9.99%	2	13,683,560	16.4
10.00% to 10.49%	1	8,500,000	10.2
10.50% to 10.99%	1	2,053,095	2.5
11.00% and above	2	15,491,586	18.6
Total:	13	83,333,972	100.0

The following table summarizes, as of August 28, 2012, the Mortgages comprising the Portfolio by Loan-to-Value:

Loan-to-Value	Mortgages (#)	Aggregate Outstanding Principal Amount ($)	Aggregate Outstanding Principal Amount (%)
40.00% to 44.99%	1	8,500,000	10.2
50.00% to 54.99%	3	18,713,167	22.5
55.00% to 59.99%	2	12,356,150	14.8
60.00% to 64.99%	1	2,053,095	2.5
70.00% to 74.99%	2	12,595,000	15.1
75.00% to 79.99%	2	16,695,560	20.0
80.00% to 85.00%	2	12,421,000	14.9
Total:	13	83,333,972	100.0

The following table summarizes, as of August 28, 2012, the Mortgages comprising the Portfolio by term to maturity:

Term to Maturity	Mortgages (#)	Aggregate Outstanding Principal Amount ($)	Aggregate Outstanding Principal Amount (%)
6-12 months	2	12,421,000	14.9
13-18 months	4	33,813,167	40.6
19-24 months	3	5,904,245	7.1
25-30 months	4	31,195,560	37.4
Total:	13	83,333,972	100.0

The following tables summarize, as of August 28, 2012, the attributes of the Company's future Mortgage investments assuming each is made under its currently outstanding commitments:

Property Type	Mortgage Commitments (#)	Aggregate Principal Amount of Commitments ($)
Residential	4	20,875,642
Retail	1	685,000
Total:	5	21,560,642

Yield	Mortgage Commitments (#)	Aggregate Principal Amount of Commitments ($)
7.00% to 7.49%	1	10,700,000
7.50% to 7.99%	1	4,300,000
8.00% to 8.49%	1	685,000
9.00% to 9.49%	1	1,038,800
10.00% to 10.49%	1	4,836,842
Total:	5	21,560,642

Loan-to-Value	Mortgage Commitments (#)	Aggregate Principal Amount of Commitments ($)
35.00% to 39.99%	1	10,700,000
45.00% to 49.99%	1	4,836,842
50.00% to 54.99%	1	4,300,000
65.00% to 69.99%	1	685,000
75.00% to 79.99%	1	1,038,800
Total:	5	21,560,642

Term to Maturity	Mortgage Commitments (#)	Aggregate Principal Amount of Commitments ($)
12-18 months	2	11,738,800
19-23 months	1	4,300,000
24-30 months	2	5,521,842
Total:	5	21,560,642

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The following discussion is prepared as of June 30, 2012 and should be read in conjunction with the financial statements of the Company for the period from the incorporation of the Company on April 18, 2012 to June 30, 2012 (the "Period"), and the notes thereto, which have been prepared in accordance with Canadian GAAP and appear elsewhere in this prospectus.

Results of Operations

The Company was incorporated on April 18, 2012. The Company completed its initial public offering of 10,000,000 Class A Shares on June 4, 2012 at a price of $10.00 per share and issued an additional 1,500,000 Class A Shares on June 12, 2012 at a price of $10.00 per share. Upon receipt of the issue proceeds, the Company began implementing its strategy by investing in five Mortgages with an aggregate principal amount of $32,426,000. At June 30, 2012 11,500,000 Class A common shares and 100 Voting Shares were outstanding.

The income from operations for the period from April 18, 2012 to June 30, 2012 (the "Period") was $24,240. During the Period, the Company earned $89,218 in interest revenues from investing its unallocated cash reserves and $75,418 from investing in Mortgages. The Company also earned Commitment Fees of $5,749.

During the Period, the Company incurred management fees of $116,167 and custodian fees of $11,200.

Recent Developments

During the Period, the Company invested in 5 Mortgages with an aggregate principal amount of $32,426,000.

Related Party Transactions

During the Period, the Manager earned management fees of $116,167 (including HST). The Manager also will be entitled to the Performance Fee if the Net Return exceeds the Hurdle Rate for 2012.

As at June 30, 2012, the Company was co-invested in a Mortgage with TG Income Trust II (another investment fund managed by the Manager). The total principal amount of the Mortgage was $11,400,000, of which the Company's share was $10,700,000.

Financial Highlights

The following tables show selected key financial information about the Company and are intended to help the reader understand the Company's performance during the Period.

Net Asset Value per Class A Share(1)	June 30, 2012
Net Asset Value, initial investment, net	$ 9.40
Increase (decrease) from operations(2)	
Total Revenue	$ 0.01
Total Expenses	$(0.01)
Total Increase from operations	$ 0.00
Net Asset Value, at period end	$ 9.40

(1) Net asset value, initial investment, net is based on the gross funding from the issuance of 11,500,000 shares at $10, less the brokers fees of $6,037,500 and the share issuance costs associated with the initial public offering of $900,000.

(2) The increase/decrease from operations is based on the weighted average number of shares outstanding during the Period.

Ratios and Supplemental Data		June 30, 2012
Number of Class A shares outstanding		11,500,000
Management expense ratio[(3)]		0.67%
Closing market price[(4)]	$	10.12

(3) Management expense ratio is annualized based on the expenses incurred for the 74 day period from incorporation on April 18, 2012 to June 30, 2012. Expenses in the management expense ratio include: Management fees, custodian fees, audit fees, directors fees, transfer agent fees, and advertising and promotion expenses.

(4) Closing price on June 29, 2012 on the TSX.

Management Fees and Trailer Fees

A summary of management fees paid to the Manager for the Period, including a breakdown of services received by the Company, is included under "Related Party Transactions" and "Organization and Management Details of the Company — Manager and Portfolio Advisor of the Company". Commencing September 30, 2012, the Company will pay to the Manager an amount equal to the Trailer Fee which the Manager, in turn, will pay to registered dealers. The Company also pays for all expenses incurred by it in connection with the operation and management.

Past Performance

The Company was incorporated on April 18, 2012 and has not yet completed twelve months of operation.

Summary of Investment Portfolio

At June 30, 2012, the Company had investments in five Mortgages with an aggregate principal amount of $32,426,000, as summarized below:

- The largest Mortgage investment by the Company was $10,700,000, representing 9.9% of the Company's NAV.
- The weighted average Loan-to-Value of the Portfolio was 67.0%, with the highest Loan-to-Value Mortgage being 79.2%.
- One Mortgage in the principal amount of $8,000,000 represented 25% of the Portfolio and was located in Alberta; three Mortgages totalling $15,414,000 principal amount represented 47% of the Portfolio and were located in Ontario; and one Mortgage in the principal amount of $9,012,000 represented 28% of the Portfolio and was located in Nova Scotia.
- Among real estate classifications, Mortgages with an aggregate principal amount of $13,726,000 (representing 42.3% of the Portfolio), were invested in residential projects and Mortgages with an aggregate principal amount of $18,700,000 (representing 57.7% of the Portfolio) were invested in office projects. Overall, the Company's assets were invested 17% in office projects and 83% in residential and unallocated cash.
- Four of the Company's Mortgage investments aggregated $24,426,000 principal amount (representing 75.3% of the Portfolio) were first Mortgages and one Mortgage in the principal amount of $8,000,000 (representing 24.7% of the Portfolio) was a second Mortgage.
- All of the Company's investments in Mortgages were invested in income producing Real Property.
- The weighted average Yield of the Portfolio was 8.63%. Yield does not include Commitment Fees received by the Company in respect of its Mortgage investments.

Below is a summary of the holdings of the Company as at June 30, 2012:

	Net Assets ($)	% of Net Assets
Mortgages	32,426,000	30.0
Cash and Cash Equivalents	75,988,736	70.3
Net Other Assets	(327,896)	(0.3)
Total	108,086,840	100.0

Holding	Property Type	Province	Principal Amount ($)	Loan-to-Value (%)	Term to Maturity (months)	Yield (%)	Position	% of NAV
Waterloo — Student Apartments	Residential	Ontario	2,050,000	60.6	25	10.99	First	1.90
Waterloo — Student Housing	Residential	Ontario	2,664,000	53.3	19	12.31	First	2.46
Dartmouth — Apartments	Residential	Nova Scotia	9,012,000	79.2	31	7.13	First	8.34
Calgary — Office	Office	Alberta	8,000,000	50.1	19	9.00	Second	7.40
Mississauga — Office	Office	Ontario	10,700,000	74.0	19	8.25	First	9.90

The Company's Portfolio will change due to ongoing transactions. Quarterly updates of the Portfolio are available at www.trezcapital.com.

FEES AND EXPENSES

Offering Fees and Expenses

The expenses of the Offering, estimated to be $700,000 (including printing, legal, marketing, certain expenses incurred by the Agents and certain other expenses incurred in connection with the Offering), subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Agents' fees in respect of the Offering, be paid from the gross proceeds of the Offering. The Manager has agreed to pay for the expenses of the Offering in excess of 1.5% of the gross proceeds of the Offering.

Management Fees and Operating Expenses

Management Fee

For acting as manager of and portfolio advisor to the Company, the Manager receives from the Company a Management Fee equal to 1.35% per annum of the NAV of the Company, calculated daily and paid monthly in arrears, together with an amount equal to the Trailer Fee, in each case plus applicable taxes. The Manager, in turn, pays Trailer Fees to registered dealers. The Manager also pays the Mortgage Broker a fee out of the Manager's compensation under the Management Agreement.

Performance Fee

The Manager also is entitled to a performance fee (the "Performance Fee") each calendar year equal to 20% of the amount by which the Net Return for that year exceeds the product of (i) the average month-end NAVs during such year, and (ii) the average of the 2-Yr GOC Yield on the last day of each calendar month during the year plus 450 basis points (the "Hurdle Rate") and prorated for any partial years. For the year ended December 31, 2011, the Hurdle Rate was 5.88%. As of August 28, 2012, the 2-Yr GOC Yield was 1.166%.

Operating Expenses

The Company pays for all expenses it incurs in connection with its operations and management. In addition to the fees and expenses referenced elsewhere in this prospectus, it is expected that these expenses will include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to Class A Shareholders and other Class A Shareholder communications including marketing and advertising expenses; (b) any taxes payable by the Company; (c) fees payable to its transfer agent and its custodian; (d) costs and fees payable to any agent, legal counsel, investment counsel, investment advisor, actuary, valuator, technical consultant, accountant or auditor or other third party service provider; (e) ongoing regulatory filing fees, licence fees and other fees (including in respect of the Company, stock exchange fees and listing fees); (f) any expenses incurred in connection with any legal proceedings in which Trez participates on behalf of the Company or any other acts of Trez or any other agent of the Company in connection with the maintenance or protection of the property of the Company, including, without limitation, costs associated with the enforcement of Mortgages; (g) any fees, expenses or indemnity payable to, and expenses incurred by, independent directors and the IRC (which fees will be paid on a pro rata basis with the other funds managed by the Manager and in respect of which the IRC may also act); (h) any additional fees payable to Trez for performance of extraordinary services on behalf of the Company; (i) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; and (j) other administrative expenses of the Company (including the calculation of NAV). The Company also is responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service, commitment fees and costs relating to any credit facilities, insurance premiums and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable. For greater certainty, the salaries of the employees of Trez are borne by Trez.

The costs of initially extending a Mortgage loan (for example, legal expenses, third party consultants, insurance, administrative fees, etc.) are generally paid by the Mortgage loan borrower.

Sales Commission and Trailer Fees

The Company will pay a sales commission to the Agents in connection with the sales of Class A Shares (see "Plan of Distribution"). The Manager will pay to each registered dealer readily identifiable on the records maintained by or on behalf of the Company a servicing fee (the "Trailer Fee") equal to 0.50% annually of the NAV per Class A Share held by clients of the registered dealer, calculated and paid at the end of each calendar quarter commencing on September 30, 2012, plus applicable taxes. The Manager may, from time to time, pay the Trailer Fee more frequently than quarterly, in which event the Trailer Fee will be pro rated for the period to which it relates. See "Calculation of Net Asset Value and Net Asset Value per Class A Share".

Where a Class A Shareholder holds Class A Shares through a registered dealer that does not accept Trailer Fees in respect of such Class A Shares, the Manager may arrange to pay the Trailer Fee that otherwise would be payable in respect of such Class A Shares to such Class A Shareholder upon the Manager receiving confirmation, in a form satisfactory to the Manager, of the Class A Shares owned by such Class A Shareholder.

RISK FACTORS

There are certain risks inherent in an investment in the Class A Shares of the Company, including the following factors, which investors should carefully consider before investing. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus. These risks and uncertainties are not the only ones that could affect the Company and additional risks and uncertainties not currently known to the Company or Trez, or that they currently deem immaterial, may also impair the returns, NAV, NAV per Class A Share, financial condition and results of operations of the Company. If any such risks actually occur, the returns, NAV, NAV per Class A Share, financial condition and results of operations of the Company could be materially adversely affected and the financial performance of the Company and the ability of the Company to make cash distributions or satisfy requests for redemptions of Class A Shares could be materially adversely affected.

No Assurance of Achieving Investment Objectives

There is no assurance that the Company will be able to achieve its investment objectives or be able to pay distributions at the targeted levels or preserve capital. The funds available for distribution to Class A Shareholders will vary according to, among other things, the interest and principal payments received in respect of the Mortgage loans comprising the Portfolio. There is no assurance that the Portfolio will earn any return. The Manager, on behalf of the Company, may periodically re-evaluate the Company's targeted level of distributions and adjust it higher or lower, which may have a material effect on the price or value of the Class A Shares. An investment in the Company is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

Subordinate and Non-Conventional Financing

Subordinate financing (such as a second ranking Mortgage), which will be carried on by the Company, is generally considered a higher risk than first ranking financing. Mortgages are secured by a charge, which may be in a first, but often a subsequent ranking position upon or in the underlying Real Property. When a charge on Real Property is in a position other than first ranking, it is possible for the holder of a prior charge on the Real Property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the Real Property in order to realize the security given for such loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first ranking charge on the Real Property of the value of their security of the Real Property. If an action is taken to sell the Real Property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the Real Property, the holder of a subsequent charge will lose their investment or part thereof to the extent of such deficiency unless they can otherwise recover such deficiency from other property, if any, owned by the debtor. The Company may make an investment in a Mortgage where its Loan-to-Value exceeds 75%. The Company may invest up to 10% of its assets in Mortgages on the same Real Property, and such concentration of investment would increase the risk of loss to the Company.

Changes in Real Estate Values

The Company's investments in Mortgage loans are secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, recent disruptions to the credit and financial markets in Europe and worldwide and local economic disruptions in areas where the borrowers of the Mortgage loans are located may adversely affect the value of the real estate on which the Mortgage loans are secured and the ability of the borrowers to repay the Mortgage loans and thereby negatively impact on the Company's business and the value of the Class A Shares.

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

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

Concentration and Composition of the Portfolio

The Portfolio is invested in Mortgages, although the Company also may hold some cash and cash equivalents on a transitional basis. Given the concentration of the Company's exposure to Mortgages, the Company is more susceptible to adverse economic or regulatory occurrences affecting Real Property than an investment fund that holds a diversified portfolio of securities. Investments in Mortgages are relatively illiquid. Such illiquidity tends to limit the Company's ability to vary its Portfolio promptly in response to changing economic or investment conditions.

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

No Guarantees or Insurance

There can be no assurance that Mortgage loans of the Company will result in a guaranteed rate of return or any return to Class A Shareholders or that losses will not be suffered on one or more Mortgage loans. Moreover, at any point in time, the interest rates being charged for Mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage investments will also change.

A Mortgage borrower's obligations to the Company or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Company whole if and when resort is to be had thereto. Further, Class A Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Competition

The performance of the Company depends, in large part, on Trez's ability to invest in or acquire Mortgage loans at favourable yields. Trez competes with individuals, corporations and institutions for investment opportunities in the financing of real property. Certain of these competitors may have greater resources than the Company and may therefore operate with greater flexibility. As a result, Trez may not be able to acquire sufficient Mortgage loans at favourable yields or at all.

Sensitivity to Interest Rates

The market price for the Class A Shares and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Company's income consists primarily of interest payments on the Mortgages comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Company's Mortgages are based), the Company may find it difficult to purchase additional Mortgages bearing rates sufficient to achieve the targeted payment of distributions on the Class A Shares. 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 Company's ability to maintain distributions on the Class A Shares at a consistent level. As well, if interest rates increase, the value of the Company's Portfolio may be negatively impacted.

Fluctuations in NAV, NAV per Class A Share and Distributions

The NAV and NAV per Class A Share and the funds available for distributions will vary according to, among other things, the value of the Portfolio and the interest earned thereon. Fluctuations in the market value of the Portfolio may occur for a number of reasons beyond the control of Trez or the Company.

The Company depends on revenue generated from the Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the Mortgages comprising the Portfolio. The amount of distributions depends upon numerous factors, including the ability of borrowers to make applicable payments under Mortgages, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Company or Trez. If the directors of the Company, on the advice of Trez, determine that it would be in the best interests of the Company, they may reduce or suspend for any period, or altogether cease indefinitely, the distributions to be made on the Class A Shares.

Distributions made to Class A Shareholders may exceed actual cash available to the Company from time to time because of items such as debt payment obligations, fluctuations in Portfolio returns and redemptions of Class A Shares, if any. The excess cash required to fund distributions may be funded from an operating credit facility, to the extent that one is available, or from the capital of the Company.

Availability of Investments

As the Company relies on Trez to source the Mortgages it invests in, the Company is exposed to adverse developments in the business and affairs of Trez, to its management and financial strength and to its ability to operate its businesses profitably. The ability of the Company to make investments in accordance with its investment objectives and investment strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, the Company may occasionally hold excess funds to be invested in additional Mortgages, which may negatively impact returns.

Risks Related to Mortgage Extensions and Mortgage Defaults

Trez may from time to time deem it appropriate to extend or renew the term of a Mortgage loan past its maturity, or to accrue the interest on a Mortgage loan, in order to provide the borrower with increased repayment flexibility. Trez generally will do so if it believes that there is a very low risk to the Company of not being repaid the full principal and interest owing on the Mortgage loan. In these circumstances, however, the Company 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 Company during the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Company may not recover all or substantially all of the principal and interest owed to the Company 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, Trez has the ability to exercise its Mortgage enforcement remedies in respect of the extended or renewed Mortgage. 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 Company during the period of enforcement. In addition, as a result of potential declines in real estate values, there is no assurance that the Company will be able to recover all or substantially all of the outstanding principal and interest owed to the Company in respect of such Mortgages by exercising its Mortgage enforcement remedies. Should the Company be unable to recover all or substantially all of the principal and interest owed to the Company in respect of such Mortgage loans, the NAV of the Company would be reduced, and the returns, financial condition and results of operations of the Company could be adversely impacted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Company could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Company's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Company's rights as mortgagee. Legal fees and expenses and other costs incurred by the Company 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 Company.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, Mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether Mortgage payments are being made. The Company may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

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

Redemption Risks

Class A Shares are redeemable (i) annually (commencing in 2013) at the Annual Redemption Price, and (ii) monthly at the Monthly Redemption Price, as described under "Redemption of Class A Shares". The purpose of the Annual Redemption Right is to reduce the likelihood of the Class A Shares trading at a substantial discount to the NAV per Class A Share and to provide holders of Class A Shares with an opportunity liquidate their investment once per year without any trading discount to the NAV per Class A Share or incurring selling commission. While the Annual Redemption Right provides holders of Class A Shares with the option of annual liquidity based on the NAV per Class A Share, there can be no assurance that it will reduce trading discounts or allow a holder to redeem all of the Class A Shares sought to be redeemed. If a significant number of Class A Shares are redeemed, the trading liquidity of the Class A Shares could be significantly reduced. In addition, if a significant number of Class A Shares are redeemed, (i) the Company may be required to sell Portfolio assets in order to satisfy redemption payment obligations and may not be able to complete such Portfolio asset sales on favourable terms or at all, (ii) the expenses of the Company would be spread among fewer Class A Shares resulting in a higher management expense ratio per Class A Share, and (iii) Class A Shares submitted for redemption in excess of the redemption limits described under "Redemption of Class A Shares — Limitation and Suspension of Redemptions" may not be redeemed. If, as a result of significant redemptions, the Manager determines that it is in the best interests of Class A Shareholders to terminate the Company, the Manager could, subject to applicable law, seek to terminate the Company.

Trading Price of Class A Shares and Liquidity

The Class A Shares may trade in the market at a premium or discount to the NAV per Class A Share and there can be no assurance that the Class A Shares will trade at a price equal to the NAV per Class A Share or that a liquid market will develop. This risk is separate and distinct from the risk that the NAV per Class A Share may decrease.

In recognition of the possibility that the Class A Shares may trade at a discount, the terms and conditions attaching to the Class A Shares have been designed to attempt to reduce or eliminate a market value discount from the NAV per Class A Share. The Company believes that optional purchases of Class A Shares in the capital of the Company by the Company, as described under "Attributes of Class A Shares", and the Annual Redemption Right described under "Redemption of Class A Shares — Annual Redemptions" may help to reduce or eliminate a market value discount from NAV per Class A Share. There can be no assurance that such measures will result in the Class A Shares trading at a price which is equal to the NAV per Class A Share. The Company anticipates that the market price of the Class A Shares will in any event vary from the NAV per Class A Share. The market price of the Class A Shares will be determined by, among other things, the relative demand for and supply of Class A Shares in the market, trading liquidity, the Company's investment performance, the Class A Shares' yield and investor perception of the Company's overall attractiveness as an investment as compared with other investment alternatives.

Qualification as a MIC

Although the Company intends to qualify at all times as a MIC, no assurance can be provided in this regard. If for any reason the Company does not maintain its qualification as a MIC under the Tax Act, dividends paid by the Company on the Class A Shares will cease to be deductible by the Company in computing its income and will no longer be deemed to have been received by Class A Shareholders as interest or a capital gain, as the case may be. In such event, as long as the Class A Shares are listed on a designated stock exchange, the rules in the Tax Act regarding the taxation of public corporations and their shareholders apply, with the result that the combined corporate and shareholder tax may be significantly greater. In addition, if the Class A Shares cease to be listed on a designated stock exchange, the Class A Shares may not constitute qualified investments for Plans. See "Canadian Income Tax Considerations".

The Company intends to monitor major positions held in Class A Shares in relation to the outstanding balance of Class A Shares to ensure that no one Class A Shareholder of the Company exceeds the 25% maximum ownership limit set by the Tax Act for the Company to maintain its qualification as a MIC. The terms of the Class A Shares include certain provisions intended to prevent this condition from being violated. See "Attributes of the Class A Shares — Restrictions on Ownership".

Reliance on Trez

Pursuant to the Management Agreement and the Mortgage Brokerage Agreement, Trez provides, or arranges to provide, to the Company all of the services it requires on a day-to-day basis. Although the employees of Trez who are primarily responsible for the performance of the obligations owed to the Company have extensive experience, there is no certainty that such individuals will continue to be employees of Trez in the future. In addition, each of the Management Agreement and the Mortgage Brokerage Agreement may be terminated at any time by either party thereto on 120 days' prior written notice. There is no assurance that Trez will continue to provide services to the Company.

There is no certainty that the persons who are currently officers and directors of Trez will continue to act in such capacity. Class A Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of Trez from time to time. Class A Shareholders do not have the right to direct or influence in any manner the business or affairs of Trez.

Operating History of the Company

The Company is a recently organized MIC with a limited operating history. There is no assurance that an active public market for the Class A Shares will be sustained after completion of the Offering.

The Company May Be Unable to Fund Investments

The Company may commit to making future Mortgage investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage investments. In the event that such repayments of principal or payments of interest are not made, the Company may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

Borrowing

The Company may, from time to time at the discretion of the Manager, borrow under the Credit Facility in order to (i) facilitate its operating activities and fund working capital requirements, (ii) facilitate payment of redemptions of Class A Shares and enhance liquidity of assets, and (iii) facilitate entering into Mortgage loans or funding subsequent advances in an expedient manner. The Manager currently expects that the Company will use the Credit Facility only for general working capital purposes and to bridge timing differences resulting from Mortgage loan maturities and new Mortgage loan funding. The Company may, in the future, use the Credit Facility to fund new Mortgages as an interim measure prior to raising additional capital. The Manager does not intend to use the Credit Facility to leverage the returns from the Portfolio in order to achieve the targeted annualized yield to investors. The Company uses its Mortgages as security for its repayment obligations under the Credit Facility. In the event that the Company does not fulfill its obligations under the Credit Facility, the Company could incur substantial costs and losses if the lender under the Credit Facility forecloses on or sells Mortgages under the security arrangements for the Credit Facility.

Conflicts of Interest

The Company is subject to a number of actual and potential conflicts of interest involving Trez and its affiliates because Trez provides discretionary investment management services to other investors, including other investment funds, and Trez may also invest for its own account. Accordingly, the services provided by Trez pursuant to the Management Agreement and the Mortgage Brokerage Agreement are not exclusive to the Company and the Management Agreement does not restrict Trez from establishing additional investment funds, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or involve substantial time and resources of Trez. Trez currently provides investment advisory services to a number of different investment funds having more assets than the Company is expected to have in the reasonably foreseeable future and this will preclude Trez from devoting all of its time and effort to the business of the Company.

For example, Trez may manage or advise with respect to accounts or funds (including separate accounts and other funds and pooled investment vehicles) that have investment objectives similar to those of the Company and may engage in transactions in the same types of securities and instruments as the Company. Such transactions will, except as discussed below, be executed independently of transactions of the Company and thus at prices or rates that may be more or less favourable than those obtained by the Company.

The Company relies upon Trez to manage the business of the Company and to provide managerial skill. The directors and officers of Trez may have a conflict of interest in allocating their time between the respective businesses and interests of Trez and the Company, and other businesses or projects in which they may become involved.

Restrictions on Ownership and Repurchase of Class A Shares

No shareholder of the Company is permitted, together with Related Persons, at any time to hold more than 25% of any class of the issued shares of the Company. The terms and conditions of the Class A Shares provide that the portion of such Class A Shares held by a Class A Shareholder, together with Related Persons, that exceeds 24.9% of the issued Class A Shares of any class will be repurchased by the Company on the same terms as an annual redemption completed on the applicable date. Such repurchases of Class A Shares could be significant and could engender similar risks to those that arise in the context of significant redemptions of Class A Shares. See “Risk Factors — Redemption Risks”.

Change in Legislation

There can be no assurance that certain laws applicable to the Company, including Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the Company or fundamentally alter the tax consequences to Class A Shareholders acquiring, holding or disposing of Class A Shares.

Ability to Manage Growth

Trez intends to grow the Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, Trez may need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that Trez will be able to effectively manage such growth and, if it is unable to do so, the Portfolio, and the market price and NAV of the Class A Shares, may be materially adversely affected.

Environmental Matters

The Company may in the future take possession, through enforcement proceedings, of properties that secured defaulted Mortgage loans to recover its investment in such Mortgage loans. Prior to taking possession of properties which secure a Mortgage investment, Trez will assess the potential environmental liability associated with such enforcement and determine whether it is significant, having regard to the value of the property. If Trez subsequently determines to take possession of the property, the Company could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of the Company's proposed Mortgage investments, Trez may obtain a Phase I Environmental Audit on the underlying real property provided as security for a Mortgage, when Trez has determined that a Phase I Environmental Audit is appropriate. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Company from potential liability for a materially adverse environmental condition at any Mortgaged property. If hazardous substances are discovered on a property of which the Company has taken possession, the Company may be required to remove such substances and clean up the property. The Company may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such remediation.

DISTRIBUTION POLICY

Class A Shareholders are entitled to receive distributions as and when declared from time to time on the Class A Shares by the directors of the Company, acting in their sole discretion, out of the assets of the Company properly available for the payment of dividends. The Company intends to make monthly cash distributions to Class A Shareholders of record on the last business day of each month and pay such cash distributions on or before the 15th day of the following month. Notwithstanding the above, the Company has the right to determine a record date that is other than the last business day of each month. Beginning in September 2013, the Company will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount is approximately $0.0583 per Class A Share per month ($0.70 per annum representing an annual cash distribution of 7.0% based on the $10.00 per Class A Share issue price). The initial cash distribution is anticipated to be payable on or before September 15, 2012 to Class A Shareholders of record on August 31, 2012.

The Company does not intend to use leverage in order to achieve its initial cash distribution target. Trez believes that, based on current market conditions, the interest income generated from the Portfolio and the Commitment Fees received by the Company will be sufficient for the Company to maintain a stable NAV per Class A Share (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.70 per annum per Class A Share. The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Company will make any distributions in any particular month or months. If the Company's annual return is less than the amount necessary to fund the monthly distributions, the Company may not pay the full Indicative Distribution Amount. Alternatively, the Company may return a portion of its capital to Class A Shareholders to ensure that monthly distributions are paid, which would reduce the NAV per Class A Share.

Following the closing of the Offering and subject to applicable regulatory approval, the Company may adopt a distribution reinvestment plan, pursuant to which Class A Shareholders will be entitled to elect to have all dividends and other distributions of the Company automatically reinvested in additional Class A Shares at a price per Class A Share calculated by reference to the volume weighted average trading price on the TSX for the ten trading days immediately preceding the relevant distribution payment date. No brokerage commission will be payable in connection with the purchase of Class A Shares under the DRIP and all administrative costs will be borne by the Company. Class A Shareholders resident outside of Canada will not be entitled to participate in the DRIP. Upon ceasing to be a resident of Canada, a Class A Shareholder must terminate his or her participation in the DRIP.

See "Risk Factors".

PURCHASE OF CLASS A SHARES

The Company proposes to issue Class A Shares at a price of $10.00 per Class A Share with a Maximum Offering amount of $100,000,000 (10,000,000 Class A Shares). There is no minimum amount for the Offering. Prospective purchasers may subscribe for such Class A Shares through one of the Agents or any member of a sub-agency group that the Agents may form.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Class A Shares will be issued in registered form to CDS or its nominee and will be deposited with CDS on the date of the closing of the Offering, which is expected to occur on or about September 7, 2012, or such later date as the Company and the Agents may agree, but in any event not later than September 30, 2012. A purchaser of Class A Shares will receive only a customer confirmation from a registered dealer that is a CDS Participant and from or through which the Class A Shares are purchased.

REDEMPTION OF CLASS A SHARES

Monthly Redemptions

Subject to the restrictions set forth under "Redemption of Class A Shares — Limitation and Suspension of Redemptions" below, outstanding Class A Shares may be surrendered to the Company's registrar and transfer agent for redemption during the period from the 10th day of each month (other than a month in which an Annual Redemption Date occurs) until 4:00 p.m. (Toronto time) on the 15th day of such month, or the immediately preceding Business Day in the event that the 15th day is not a Business Day (the "Monthly Redemption Notice Period"). Payment of the proceeds of redemption will be made on or before the 15th day of the month following the applicable Monthly Redemption Date (the "Monthly Redemption Payment Date"). Shareholders whose Class A Shares are so surrendered for redemption will be entitled to receive a redemption price per Class A Share (the "Monthly Redemption Price") equal to the lesser of: (i) 95% of the Trading Price; and (ii) the Market Price. Any distributions declared and unpaid on or before a Monthly Redemption Date in respect of Class A Shares tendered for redemption on such Monthly Redemption Date will also be paid on the Monthly Redemption Payment Date.

Annual Redemptions

Subject to the restrictions set forth under "Redemption of Class A Shares — Limitation and Suspension of Redemptions" below, commencing in December 2013, outstanding Class A Shares may be surrendered for redemption to the Company's registrar and transfer agent for redemption during the period from the first Business Day of November (annually, starting in 2013) until 4:00 p.m. (Toronto time) on the 15th day of November, or the immediately preceding Business Day in the event that the 15th day is not a Business Day (the "Annual Redemption Notice Period"). Payment of the proceeds of redemption will be made on or before the 15th day of January each year, beginning in 2014 (the "Annual Redemption Payment Date"). Shareholders whose Class A Shares are so surrendered for redemption will be entitled to receive a redemption price per Class A Share (the "Annual Redemption Price") equal to the NAV per Class A Share on the applicable Annual Redemption Date, less any costs associated with such redemption. See "Calculation of Net Asset Value".

Exercise of Redemption Privileges

The Monthly Redemption or redemption on an Annual Redemption Date must be exercised by causing written notice to be given within the Monthly Redemption Notice Period or the Annual Redemption Notice Period, as applicable, in the manner described under "Attributes of Class A Shares — Book-Entry Only System". Except as provided below, such exercise will be irrevocable upon the delivery of notice to CDS through a CDS Participant.

Limitation and Suspension of Redemptions

The Company will not accept for redemption, other than in respect of an Annual Redemption Date, Class A Shares representing more than 5% of the average number of Class A Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Company will not accept for redemption, on any Annual Redemption Date, Class A Shares representing more than 15% of the average number of Class A Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class A Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Company will redeem Class A Shares tendered for redemption and not withdrawn or revoked, on a pro rata basis.

Notwithstanding the foregoing limitations on redemption, the directors of the Company may, in their sole discretion, waive the above limitations in respect of all Class A Shares tendered for redemption in respect of any one or more Monthly Redemption Dates and/or Annual Redemption Dates, as applicable. In the event that the applicable 90-day period preceding a Monthly Redemption Date includes any number of days preceding the completion of the Offering, the number of Class A Shares considered to be outstanding on each such day for purposes of determining the applicable redemption limitation shall be deemed to have been that number of Class A Shares outstanding immediately following the completion of the Offering.

In addition, for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of Mortgages comprising 50% or more (by outstanding principal amount) of the Portfolio or which impair the ability of the Manager to determine the value of the assets of the Company or the Portfolio, the Company may suspend redemptions of its Class A Shares. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Shareholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the next Monthly Redemption Date or Annual Redemption Date, as applicable, following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Company, any declaration of suspension made by the Manager shall be conclusive.

CONSOLIDATED CAPITALIZATION

The capitalization (before income from operations) of the Company as at June 30, 2012 and at such date as adjusted to give effect to the issue and sale of the Class A Shares offered hereby is set forth in the table below.

	Authorized	Outstanding as at June 30, 2012	Outstanding as at August 29, 2012 after giving effect to the Maximum Offering (unaudited)
Share Capital			
Class A Shares	Unlimited	$115,000,000 (11,500,000 shares)	$215,000,000 (21,500,000 shares)
Voting Shares	Unlimited	$100 (100 shares)	$100 (100 shares)
Issue Costs		$(6,937,500)	$(11,637,500)
Total Capitalization		$108,062,600	$203,362,600

PRIOR SALES

On June 4, 2012, the Company issued 10,000,000 Class A Shares for aggregate gross proceeds of $100,000,000. On June 12, 2012, the Company issued 1,500,000 Class A Shares for aggregate gross proceeds of $15,000,000.

The Class A Shares are listed and posted for trading on the TSX under the symbol “TZZ”. The following table summarizes the high and low prices of the Class A Shares and volume of trading for the Class A Shares on the TSX on a monthly basis since the initial listing of the Class A Shares on the TSX on June 4, 2012:

Month	High	Low	Volume
June 4-30, 2012	$10.65	$ 9.90	669,525
July 2012	$10.34	$10.00	350,239
August 1-28, 2012	$10.30	$ 9.83	318,300

On August 28, 2012 (the last trading day before the date of this prospectus), the closing price of the Class A Shares on the TSX was $10.05 and the net asset value per Class A Share was $9.47.

CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Agents, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax consequences generally applicable to the acquisition, holding and disposition of Class A Shares by an investor who acquires Class A Shares pursuant to this Offering. This summary only applies to an investor who, for the purposes of the Tax Act, is a resident of Canada, deals at arm’s length and is not affiliated with the Company and holds the Class A Shares as capital property. The Class A Shares will generally be considered to constitute capital property to an investor unless the investor either holds the Class A Shares in the course of carrying on a business of trading or dealing in securities or has acquired the Class A Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain investors who are resident in Canada and whose Class A Shares do not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election to have their Class A Shares and every other “Canadian security” (as defined in the Tax Act) owned by them deemed to be capital property.

This summary does not apply to an investor (i) that is a “specified financial institution” or a “financial institution” both as defined in the Tax Act; (ii) an interest in which constitutes a “tax shelter investment” within the meaning of the Tax Act; or (iii) who reports its Canadian tax results in a “functional currency” (which excludes Canadian dollars).

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), all specific amendments to the Tax Act and the Regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "Proposals"), the facts contained in this prospectus, a certificate of an officer of the Company as to certain factual matters, and counsel's understanding of the current administrative practices and assessing policies of the CRA that have been published in writing by it prior to the date hereof. Except for the Proposals, this summary does not take into account or anticipate any change in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices and assessing policies of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the tax considerations described herein. No assurance can be given that the Proposals will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Class A Shares. It is not intended to constitute tax advice to any prospective investor. The income tax consequences of acquiring, holding and disposing of Class A Shares will vary depending on the investor's particular circumstances, including the province in which the investor resides or carries on business Investors are urged to consult their own income tax advisers with respect to their particular circumstances.

Status of the Company

Classification under Tax Act

This summary is based upon the assumption that the Company will qualify as a MIC at all relevant times. The Company has advised counsel that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. Counsel express no opinion as to the status of the Company as a MIC. If the Company were to not qualify as a MIC at any time, the income tax considerations would be materially different from those described below.

MIC Requirements

The following requirements must be met throughout a taxation year in order for the Company to qualify as a MIC for that taxation year:

A. Canadian Corporation. The Company must be a "Canadian corporation", as defined in the Tax Act, which generally means a corporation incorporated or resident in Canada;

B. Undertaking. The Company's only undertaking was the investing of its funds. The Company cannot have managed or developed any real or immovable property;

C. Prohibited Foreign Investment. None of the property of the Company consisted of debts owing to the Company secured on real or immovable property situated outside Canada, debts owing to the Company by non resident persons unless such debts were secured on real or immovable property situated in Canada, shares of the capital stock of corporations not resident in Canada, or real or immovable property situated outside of Canada or any leasehold interest in such property;

D. Shareholder Requirements. The Company had at least 20 shareholders. In addition, no shareholder (together with Related Persons, see below) of the Company at any time in the year owned, directly or indirectly, more than 25% of the issued shares of any class of the Company. Special rules apply for the purposes of counting shareholders that are registered pension plans or deferred profit sharing plans. The Tax Act provides that for the first year of the Company, this condition will be considered to have been met throughout such year provided that this condition is met on the last day of such year;

E. Preferred Shareholders. Holders of preferred shares (if any) of the Company had the right, after payment to them of their preferred dividends and payment of dividends in a like amount per share to the holders of the Class A Shares, to participate *pari passu* (equally) with the holders of the Class A Shares in any further payment of dividends;

F. 50% Asset Test. The cost amount for tax purposes to the Company of its property in the form of or as a combination of money, debts secured on certain specified residential properties, and funds on deposit with a Canada Deposit Insurance Fund or Régie de l'assurance-dépôts du Québec insured institution or credit union (such debts and deposits referred to as "Required Property") constituted at least 50% of the cost amount to the Company of all of its property;

G. 25% Asset Test. The cost amount for tax purposes to the Company of its property in the form of interests in real or immovable property (including leaseholds but excepting real or immovable property acquired by foreclosure after default by the mortgagor) did not exceed 25% of the cost amount to the Company of all of its property; and

H. Debt to Equity Ratio. Where at any time in the year the cost amount to the Company of its money and Required Property represented less than two-thirds of the aggregate cost amount to the Company of all of its property, the Company's liabilities may not exceed 75% of the cost amount to the Company of all its property. Where, however, throughout the year the cost amount to the Company of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Company of all of its property, the Company's liabilities may not exceed 83.33% of the cost amount to the Company of all its property.

With respect to the requirement noted above that no shareholder (together with Related Persons) may own more than 25% of the shares of any class of the Company, for these purposes "Related Persons" include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual's spouse, common law partner or child under 18 years of age. The rules in the Tax Act defining "related persons" are complex and holders should consult with their own tax advisors in this regard.

For the purposes of the 50% asset test noted above, the requirement is that the Company's investments must comprise the specified minimum amount of debts that are secured by Mortgages, hypothecs or in any other manner, on "houses" or on property included within a "housing project", as those terms are defined in the *National Housing Act* (Canada). Generally, a "house" includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing shares, and "housing project" includes all or part of a building or movable structure intended for human habitation, any property intended to be converted or developed to provide housing accommodation, or property associated with housing accommodation such as parking, public and recreational facilities.

Eligibility for Investment

If issued on the date hereof, the Class A Shares would be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a TFSA and a RESP, provided that the Company qualifies as a MIC throughout a taxation year and further provided that at any time in the relevant calendar year, the Company does not hold any indebtedness, whether by way of Mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under the Plan, or of any other person who does not deal at arm's length with that person. The Class A Shares also will be qualified investments for such plans if the Class A Shares are listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the TSX).

Notwithstanding that the Class A Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or annuitant under the RRSP or RRIF will be subject to a penalty tax if such securities are a "prohibited investment" for the TFSA, RRSP or RRIF, as applicable. The Class A Shares will generally be a "prohibited investment" if the holder of a TFSA or annuitant under the RRSP or RRIF does not deal at arm's length with the Company for purposes of the Tax Act or the holder of the TFSA or annuitant under the RRSP or RRIF has a "significant interest" (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm's length for purposes of the Tax Act. A "significant interest" in a corporation generally means ownership of 10% or more of the issued shares of any class of the capital stock of the corporation (or of any related corporation), either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act. Holders of a TFSA, RRSP and RRIF should consult their own advisors in this regard.

Taxation of the Company

The Company will be considered to be a public corporation either on the basis that it qualifies as a MIC or on the basis that the Class A share are listed on the TSX. As a public corporation, the Company is subject to tax at the full general corporate income tax rates on its taxable income. However, provided the Company qualifies as a MIC, the Company may deduct in computing its income for a taxation year the amount of dividends paid to its shareholders as follows:

A. all taxable dividends, other than capital gains dividends, paid by the Company to its shareholders during the year (to the extent not deductible in computing the Company's income for the previous year) or within 90 days after the end of the year; and

B. one-half of all capital gains dividends paid by the Company to its shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year.

The Company must elect to have a dividend qualify as a capital gains dividend. The Company may elect that dividends paid during a 12 month period commencing 91 days after the commencement of a taxation year and ending 90 days after the end of the year be capital gains dividends to the extent of the Company's capital gains for the year less any applicable capital losses. The election must be made in respect of the full amount of a dividend and can only be made if the Company qualifies as a MIC throughout the taxation year.

The Company has advised counsel that the Company intends to make distributions to the extent necessary to reduce its taxable income each year to nil so that no tax is payable by it under Part I of the Tax Act and to generally elect to have dividends treated as capital gains dividends to the maximum extent allowable.

Taxation of Class A Shareholders

Distributions

A Class A Shareholder is required to include in its income, as interest payable on a bond issued by the Company, any amount received by the Class A Shareholder from the Company as or on account of a taxable dividend (other than capital gains dividends), whether paid in cash or reinvested in Class A Shares.

Capital gains dividends received by a holder of Class A Shares (whether paid in cash or reinvested in Class A Shares) will be treated as a capital gain of the Class A Shareholder from a disposition of capital property in the year in which the dividend is received. See "Disposition of Class A Shares" below for the tax treatment of capital gains.

The gross up and dividend tax credit applicable to taxable dividends received by individuals from a taxable Canadian corporation will not apply to dividends paid by the Company.

The amount of a dividend reinvested in additional Class A Shares will be the cost amount of such Class A Shares and will be averaged with the cost amount of other Class A Shares owned by the Class A Shareholder in determining the adjusted cost base of a Class A Shareholder's Class A Shares.

Disposition of Class A Shares

A sale or other disposition of a Class A Share by a Class A Shareholder (other than to the Company), including a deemed disposition, will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Class A Share exceed (or are exceeded by) the Class A Shareholder's adjusted cost base of such Class A Share and any reasonable disposition costs.

In general, one-half of a capital gain ("taxable capital gains") realized in the year by a Class A Shareholder on the disposition of Class A Shares will be included in the Class A Shareholder's income for the year, and one half of a capital loss ("allowable capital losses") realized in the year on such disposition of Class A Shares will be deducted from the Class A Shareholder's taxable capital gains, if any, realized in such year. Allowable capital losses in excess of taxable capital gains for a particular year may generally be carried back three years or forward indefinitely and deducted against taxable capital gains realized in such years, subject to the detailed rules in the Tax Act.

Class A Shareholders realizing capital gains on the disposition of Class A Shares or receiving capital gains dividends on Class A Shares may be subject to alternative minimum tax under the Tax Act.

On a redemption or acquisition of Class A Shares by the Company, the Class A Shareholder generally will be deemed to have received, and the Company will be deemed to have paid, a dividend in an amount equal to the amount by which the redemption price exceeds the paid up capital of the redeemed Class A Shares. This deemed dividend will be treated in the same manner as other dividends received by the Class A Shareholder from the Company, and will depend on whether the Company elects that the entire dividend be a capital gains dividend (to the extent the Company has realized sufficient capital gains in the year). The balance of the redemption price will constitute proceeds of disposition of the Class A Shares for purposes of the capital gains rules, as described above.

Taxation of Registered Plans

Dividends received by a Plan on Class A Shares that are a qualified investment for such a Plan will be exempt from income tax in the Plan, as will capital gains realized by the Plan on the disposition of such Class A Shares. Withdrawals from Plans, other than a TFSA and an RESP in some cases, are generally subject to tax under the Tax Act.

Tax Implications of the Company's Distribution Policy

The NAV of a Class A Share may be attributable in part to income and capital gains that have been earned by the Company, but which have not yet been realized and/or paid out as a dividend. If a Class A Shareholder invests in Class A Shares before a dividend is declared, the Class A Shareholder will be taxed on the full amount of any such dividend that is received by the Class A Shareholder. If the Company adopts a distribution policy of paying equal monthly distributions to Class A Shareholders of record on the last business day of each month, an investor who acquires a Class A Share late in the month but prior to the dividend will pay tax on the entire dividend, which will generally reflect the income and/or capital gains earned by the Company throughout the month up to the time of payment, though the Class A Shareholder will have only recently acquired Class A Shares.

ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY

Officers and Directors of the Company

The following table sets forth the name, municipality of residence and position of the directors and executive officers of the Company, and their respective principal occupations during the past five years.

Name and Municipality of Principal Residence	Position with the Company	Principal Occupation
Michael J.R. Nisker, B. Comm., LLB Toronto, Ontario	President, Chief Executive Officer and Director	Managing Partner of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Managing Partner of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since April 2012; prior thereto, Senior Vice-President of the Manager since May 2009; prior thereto, Managing Director, Fortress Investment Group since 2006
Alexander (Sandy) Manson, B. Comm., C.A. West Vancouver, B.C.(1)	Chief Financial Officer and Director	Chief Financial Officer of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Chief Financial Officer of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since February 2006
Stephen Pustil(1)(2) Toronto, Ontario	Director	Vice Chairman of MDC Partners since 1992; President of Peerage Realty Partners since June 2007; and Chairman of Artemis Investment Management since January 2008
Stewart J.L. Robertson(1)(2) Vancouver, British Columbia	Director	President of the Crerar Group of Companies since 1993
Clare R. Copeland(1)(2) Toronto, Ontario	Director	Chief Executive Officer of Falls Management Company since November 2004

(1) Member of the Audit Committee of the board of directors of the Company.

(2) Independent director of the board of directors of the Company.

Messrs. Nisker and Manson, who are directors and officers of the Company, each own 10 Voting Shares of the Company and collectively own 20% of the issued and outstanding Voting Shares of the Company.

The following are biographies of the directors and executive officers of the Company:

Michael J.R. Nisker has been a Managing Partner of Trez since April 17, 2012 and, prior thereto, was the Senior Vice-President of Trez since May 1, 2009. He is responsible for spearheading Trez's expansion of its loan portfolio and investor base throughout Eastern Canada. From 2006 to 2008, he acted as Managing Director in Canada for Fortress Investment Group of New York. Prior to 2006 he founded, and from 1995 to 2006 acted as President of, Equivest Capital Group, one of the first mezzanine lending firms in Canada focused exclusively on real estate projects. Prior thereto, he was in private law practice, specializing in international taxation.

Alexander (Sandy) Manson has been the Chief Financial Officer of Trez since February 2006. Mr. Manson has been a Chartered Accountant since 1983 and has more than twenty-eight years of experience in finance and accounting. From January 2001 through December 2005, Mr. Manson was the Chief Financial Officer for Autostock International, an international autoglass replacement company with 2,000 employees based in Burnaby B.C. which operated the "Speedy Glass" stores in Canada and the United States. Prior thereto, he was the Chief Financial Officer for Coast Mountain Hardwoods (1997-2000), a lumber company based in Ladner, B.C. Mr. Manson is responsible for all finance and administrative operations of Trez.

Stephen Pustil is Vice Chairman of MDC Partners, a position he has held since 1992. He is also President of Peerage Realty Partners and Chairman of Artemis Investment Management. Mr. Pustil is a chartered accountant and serves on the Board of Mount Sinai Hospital. He brings 38 years of investment and real estate experience as the former President of Penwest Development Corporation Limited from 1972 to 2007. Penwest was a real estate development company investing in income-producing properties, hotels and industrial buildings as well as land development and residential construction. Mr. Pustil also serves on the advisory board of the Cambridge Group of Clubs based in Toronto, Ontario.

Stewart J.L. Robertson has served on the board of directors of a number of public companies, including the board and audit committee of Sterling Centrecorp Inc., a company formerly listed on the TSX and in the business of acquiring and managing shopping centres. He is the President of the Crerar Group of Companies. The Crerar Group is an active principal in the commercial real estate business in Canada and the U.S., with holdings including office, apartment, storage/warehousing, and retail buildings. Mr. Robertson also consults on structured mortgage and corporate acquisitions to various real estate entities.

Clare R. Copeland is the Chief Executive Officer of Falls Management Company, a commercial development and casino operator in Niagara Falls, Ontario. He is also Chairman and a director of Toronto Hydro Corporation, a trustee of RioCan Real Estate Investment Trust, and a director of each of Danier Leather Inc., Chesswood Group Limited, MDC Partners Inc. and Entertainment One Ltd. Mr. Copeland brings extensive experience in management and oversight to the board of directors of the Company.

The articles of incorporation of the Company provide that the Company will have a minimum of three and maximum of eight directors. The Company currently has five directors, three of whom are independent (within the meaning of applicable securities laws).

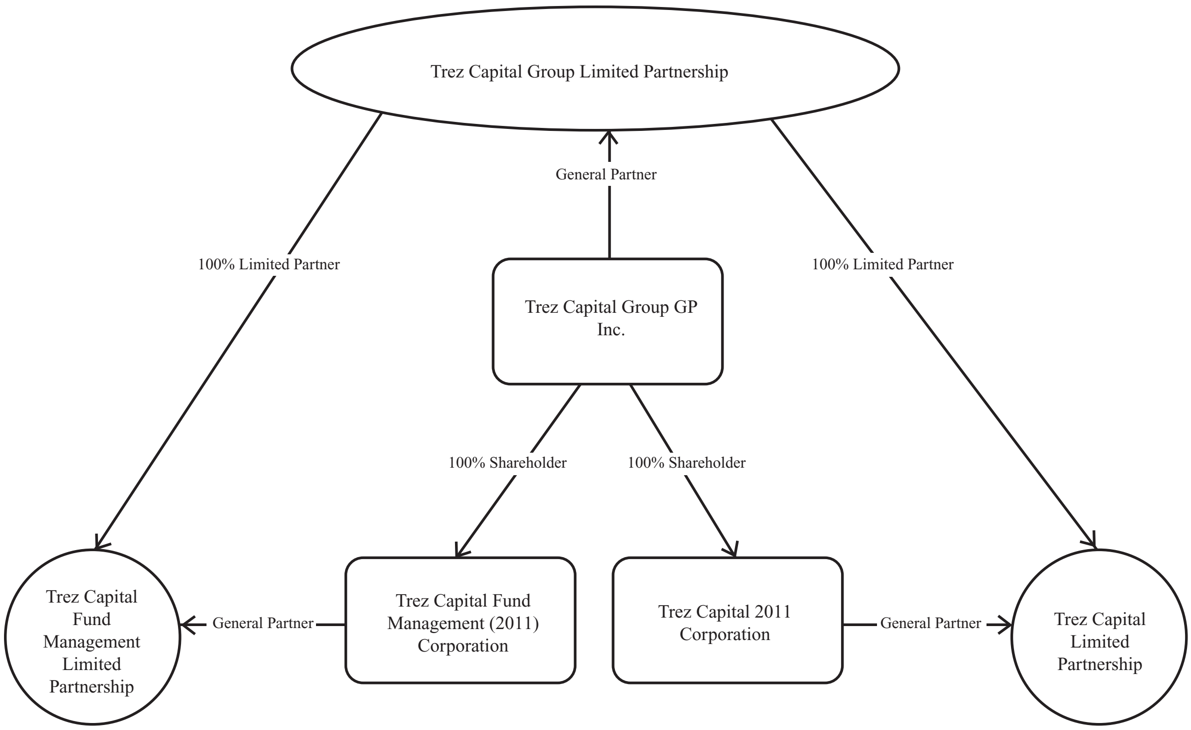
The board of directors of the Company has an audit committee comprised of four directors, three of whom are independent (within the meaning of applicable securities laws). The audit committee assists the directors of the Company in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the Company and the quality and integrity of financial statements of the Company. Not less frequently than annually, the audit committee also reviews the Mortgage Portfolio for compliance with the Company's investment restrictions. In addition, the audit committee is responsible for directing the auditors' examination of specific areas and for the selection of potential independent auditors to be appointed by the Manager.

The officers of the Company and the directors of the Company who are not independent directors receive no compensation from the Company in such capacities. See "Organization and Management Details of the Company — Independent Review Committee for Investment Funds — National Instrument 81-107" for information concerning the compensation of the Company's independent directors.

Manager and Portfolio Advisor of the Company

Trez Capital Fund Management Limited Partnership is the manager of the Company. The office of the Manager is located at 1550-1185 West Georgia Street, Vancouver, British Columbia V6E 4E6. The Manager became the manager of the Company effective July 25, 2012 upon the completion of a reorganization of the Mortgage Broker (which previously was the manager of the Company) whereby responsibility for the day-to-day management and administration of the Company was transferred to the Manager, other than for the services which continue to be provided by the Mortgage Broker. Both the Manager and the Mortgage Broker are wholly-owned by Trez Capital Group Limited Partnership. Trez Capital Fund Management (2011) Corporation, which is the general partner of the Manager, and Trez Capital (2011) Corporation, which is the general partner of the Mortgage Broker, are affiliates of each other and wholly-owned subsidiaries of the general partner of Trez

Capital Group Limited Partnership. Below is a chart depicting the inter-company relationship between the Manager and the Mortgage Broker.



Trez is a mortgage brokerage and investment management company that employs a conservative and risk-averse approach to real estate-based investments. Trez currently is one of the largest alternative lenders of short-term bridge Mortgages in Canada with approximately $1.3 billion in fee-earning assets of which approximately $800 million is invested in Mortgages and the balance is a portfolio of real estate assets managed on behalf of a major Canadian pension fund.

Duties and Services to be Provided by the Manager and Portfolio Advisor

Pursuant to the Management Agreement, the Manager is the manager of and portfolio advisor to the Company and, as such, is responsible for making all investment decisions of the Company in accordance with its investment objectives, strategies and restrictions and for arranging for the execution of all Portfolio transactions. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Company to do so. The Manager's duties include, without limitation: (i) authorizing the payment of operating expenses incurred on behalf of the Company; (ii) preparing financial statements and financial and accounting information as required by the Company; (iii) ensuring that Class A Shareholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; (iv) ensuring that the Company complies with regulatory requirements; (v) preparing the Company's reports to Class A Shareholders and the Canadian securities regulatory authorities; (vi) recommending to the Board of Directors the amount of distributions to be made by the Company; and (vii) negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers. The Manager also provides investment advisory and portfolio management services with respect to the Portfolio.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Company and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in the Portfolio held by the Company if it has satisfied the duties and the standard of care, diligence and skill set forth in the Management Agreement. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Management Agreement.

Unless the Manager resigns or is removed as described below, the Manager will continue as Manager until the termination of the Company. The Manager may resign if the Company is in breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Company. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent. The Manager may not be removed as Manager of the Company other than by an Extraordinary Resolution of the Class A Shareholders and only if the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Manager. In such cases, the Board of Directors shall give notice thereof to the Class A Shareholders and the Class A Shareholders may, by Extraordinary Resolution, direct the Board of Directors to remove the Manager as manager of the Company and appoint a successor manager. The Manager may also resign as manager of the Company and terminate the Management Agreement, or the Company may terminate the Management Agreement, upon not less than 120 days written notice to the Company.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under "Fees and Expenses" and is reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Company. The Manager may assign its rights to receive management fees in whole or in part. In addition, the Manager and each of its directors, officers, employees and partners are indemnified by the Company to the fullest extent permitted by law for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against the Manager, or any of its officers, directors, employees or partners, in the exercise of its duties as manager of the Company, except those resulting from the Manager's wilful misconduct, bad faith, negligence, breach of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

The management services provided by the Manager under the Management Agreement are not exclusive to the Company and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds or from engaging in other activities.

Officers and Directors of the Manager

The following table sets forth the name, municipality of residence and position of the directors and executive officers of the general partner of the Manager.

Name and Municipality of Principal Residence	Position with the Manager	Principal Occupation
Morley Greene, B.A., LLB Vancouver, B.C.	Chairman, Managing Partner and Director	Chairman and Managing Partner (since July 1, 2012) of Trez Capital Fund Management (2011) Corporation and Chairman (since May 2009) and Managing Partner (since April 2012) of Trez Capital (2011) Corporation (previously Trez Capital Corporation); prior to April 2012, President of the Manager since May 2009; prior thereto, President and Chief Executive Officer of Trez Capital Corporation since August 1997
Robert Perkins, B. Comm. Vancouver, B.C.	Managing Partner and Director	Managing Partner of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Managing Partner of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since April 2012; prior thereto, Executive Vice-President of the Manager since June 2006
Ken Lai, B. Comm., C.A. Richmond, B.C.	Vice President, Loan Administration and Director	Vice-President, Loan Administration of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Vice-President, Loan Administration of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since June 2006
Alexander (Sandy) Manson, B. Comm., C.A. West Vancouver, B.C.	Chief Financial Officer and Director	Chief Financial Officer of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Chief Financial Officer of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since February 2006
Michael J.R. Nisker, B. Comm., LLB Toronto, Ontario	Managing Partner and Director	Managing Partner of Trez Capital Fund Management (2011) Corporation since July 1, 2012 and Managing Partner of Trez Capital (2011) Corporation (previously Trez Capital Corporation) since April 2012; prior thereto, Senior Vice-President of the Manager since May 2009; prior thereto, Managing Director, Fortress Investment Group since 2006

The backgrounds of the persons listed in the above table are described below, except that the backgrounds of Messrs. Nisker and Manson are described under "Organization and Management Details of the Company — Officers and Directors of the Company".

Morley Greene has been Chairman of the Manager since May 30, 2009 and a Managing Partner of the Manager since April 17, 2012. Prior to April 17, 2012, he also was the President of the Manager since May 30,

2009. Prior to May 2009, Mr. Greene had been President and Chief Executive Officer of the Manager since August 1997. For approximately two years prior to establishing the Manager, Mr. Greene acted as counsel to Samoth Capital Corporation (now called Sterling Centrecorp), a company formerly listed on The Toronto Stock Exchange. From September 1991 to 1995, Mr. Greene was in private law practice.

Robert Perkins has been a Managing Partner of the Manager since April 17, 2012 and, prior thereto, was the Executive Vice-President of the Manager since June 2006. He is registered as a sub-Mortgage broker under the *Mortgage Brokers Act* (British Columbia). He has a mandate to identify, analyze, underwrite and fund new Mortgages. From 1986 to April 2000, Mr. Perkins was a Principal of Montrose Realty Corporation, the B.C. licensed lending and real estate arm of Montrose Mortgage Corporation, which has placed and administers a $1.2 billion commercial Mortgage portfolio on behalf of various pension funds, life insurance companies, banks and private clients. From 1984 to 1986, Mr. Perkins was a Financial Analyst in the Controller's Department of the Hong Kong Bank of Canada/Bank of B.C., now HSBC Bank Canada.

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

Messrs. Greene, Perkins and Nisker currently comprise the Credit Committee of the Manager. The Credit Committee reviews and approves each new Mortgage as described under "Investment Strategies — Investment Process" before it is selected for any investment fund managed by the Manager.

Mortgage Broker

Pursuant to the Mortgage Brokerage Agreement, the Mortgage Broker provides or arranges for the provision of all services required by the Company and the Manager to source, due diligence, structure, advance and administer on a day-to-day basis the Mortgage investments of the Company. The general partner of the Mortgage Broker is Trez Capital (2011) Corporation.

The Mortgage Broker actively oversees the servicing of all Mortgages in the Portfolio in order to monitor the status of all loans and respond to any potential issues that may arise. The Mortgage Broker provides day-to-day administration of individual Mortgages in the Portfolio either directly or in instances where the Company participates in a Mortgage, other direct participants in the investment may act as the Mortgage servicing agents. The Mortgage Broker ensures that the servicing agents appointed to administer an individual Mortgage are licensed in accordance with the requirements of the *Mortgage Brokers Act* (British Columbia) or other applicable legislation. The servicing agents' duties are the day-to-day administration of individual Mortgages including, among others things, responsibilities such as the collection of monthly payments, management of property tax and other escrow accounts, regular remittance to the Company of interest and other income collected, monitoring the status of loans, and regular reporting to the Mortgage Broker as required by the applicable servicing agreement.

Details of the Mortgage Brokerage Agreement

The Mortgage Broker is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Company and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Mortgage Brokerage Agreement provides that the Mortgage Broker will not be liable in any way for any default, failure or defect in the Portfolio held by the Company if it has satisfied the duties and the standard of care, diligence and skill set forth in the Mortgage Brokerage Agreement. The Mortgage Broker will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Mortgage Broker's standard of care or by any material breach or default by it of its obligations under the Mortgage Brokerage Agreement.

Unless the Mortgage Broker resigns or is removed as described below, the Mortgage Broker will continue as Mortgage Broker until the termination of the Company. The Mortgage Broker may resign if the Company is in breach or default of the provisions of the Mortgage Brokerage Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Company. The Mortgage Broker is deemed to have resigned if the Mortgage Broker becomes bankrupt or insolvent. The Mortgage Brokerage Agreement may be terminated by the Company only if the Mortgage Broker is in material breach or default of the provisions of the Mortgage Brokerage Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days of notice of such breach or default to the Mortgage Broker. The Mortgage Broker may also terminate the Mortgage Brokerage Agreement upon not less than 120 days written notice to the Company.

For its services under the Mortgage Brokerage Agreement, the Mortgage Broker is paid a fee by the Manager out of the Manager's compensation under the Management Agreement and is reimbursed for all reasonable costs and expenses incurred by the Mortgage Broker on behalf of the Company. The Mortgage Broker and each of its directors, officers, employees and partners are indemnified by the Company to the fullest extent permitted by law for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against the Mortgage Broker, or any of its officers, directors, employees or partners, in the exercise of its duties to the Company, except those resulting from the Mortgage Broker's wilful misconduct, bad faith, negligence, breach of the Mortgage Broker's standard of care or material breach or default by the Mortgage Broker of its obligations under the Mortgage Brokerage Agreement.

The services provided by the Mortgage Broker under the Mortgage Brokerage Agreement are not exclusive to the Company or the Manager and nothing in the Mortgage Brokerage Agreement prevents the Mortgage Broker from providing similar services to other investment funds or from engaging in other activities.

Officers and Directors of the Mortgage Broker

The directors and executive officers of the general partner of the Mortgage Broker are the same as the directors and executive officers of the general partner of the Manager. See "Organization and Management Details of the Company — Manager and Portfolio Advisor of the Company — Officers and Directors of the Manager".

Conflict of Interest Matters

The Company is subject to a number of actual and potential conflicts of interest involving Trez because Trez provides discretionary investment management services to other investors, including other investment funds, and Trez may also invest for its own account. Accordingly, the services that are provided by Trez pursuant to the Management Agreement and the Mortgage Brokerage Agreement are not exclusive to the Company and the Management Agreement and Mortgage Brokerage Agreement do not restrict Trez from establishing additional investment funds, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or involve substantial time and resources of Trez. Trez currently provides investment advisory services to a number of different investment funds having more assets than the Company is expected to have in the reasonably foreseeable future and this will preclude Trez from devoting all of its time and effort to the business of the Company.

Such conflicts of interest are subject to statutory trading prohibitions and restrictions, the recommendation or approval of the Company's IRC and internal policies and procedures of Trez that are intended to preclude the conflicts of interest from operating, or being acted upon, to the detriment of the Company.

Independent Review Committee for Investment Funds — National Instrument 81-107

In accordance with NI 81-107, an IRC has been established for the Company. The mandate of the IRC is to consider, and to recommend or approve, the Manager's proposed course of action in response to conflict of interest matters that are referred to it by the Manager. The IRC has adopted a written charter that prescribes its mandate, its responsibilities and functions and the policies and procedures that govern its activities. For purposes of NI 81-107, a conflict of interest matter is any situation where a reasonable person would consider the Manager, or any person related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith in the best interests of the Company.

Pursuant to NI 81-107, the Manager is required to identify and refer conflict of interest matters to the IRC and to seek its recommendation or approval respecting the Manager's proposed course of action to address such conflicts of interest including any related policies and procedures that are to be adopted by the Manager. Certain matters require the IRC's approval, but in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed course of action provides a fair and reasonable result for the Company. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions. Every proposed new Mortgage loan for the Company where the originator is a member of Trez's Credit Committee is treated by the Manager as a conflict of interest matter. The Manager will not proceed with such a Mortgage investment for the Company unless it receives a favourable recommendation from the IRC after its review or pursuant to a standing instruction.

The current members of the IRC are Mr. Stewart Robertson (Chairman), Mr. Stephen Pustil and Mr. Clare Copeland. The backgrounds of the members of the IRC are described under "Organization and Management Details of the Company — Officers and Directors of the Company".

Each member of the IRC receives total compensation of $20,000 per annum for serving as a member of the IRC and as an independent director of the Company. The members are reimbursed for out-of-pocket expenses and for attending meetings of the IRC. In addition, the Company is responsible for all fees and expenses of maintaining the IRC, which are included in the operating expenses of the Company. In future years, the IRC members will set their own reasonable compensation in accordance with NI 81-107. The IRC has the authority, pursuant to NI 81-107, to retain independent counsel or other advisors at the expense of the Company if the members deem it necessary to do so.

The members of the IRC are indemnified by Trez and the Company as permitted by NI 81-107. The IRC members are not responsible for the investments made by the Company, or for the performance of the Company. The members of the IRC may serve in a similar capacity in respect of other investment funds managed by Trez or others.

The IRC will update at least annually the Class A Shareholders of the Company on its activities, as required by NI 81-107. The reports of the IRC will be available free of charge from Trez on request by contacting Trez at its office and will be posted on Trez's website at www.trezcapital.com. The reports of the IRC will be available on or about March 31 of each year.

Policies and Procedures of Trez

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

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

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

Custodian

Computershare Trust Company of Canada is the custodian of the Company's assets pursuant to the Custodian Agreement. The custodian is, among other things, in the business of providing professional custodial services. The address of the Custodian is 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. In consideration for the services provided by the Custodian, the Company pays a monthly fee agreed upon between the Custodian and the Company.

Auditors

The auditors of the Company are KPMG LLP. The address of the auditors is 777 Dunsmuir Street, Pacific Centre, Vancouver, British Columbia, V7Y 1K3.

Registrar and Transfer Agent

Pursuant to a transfer agent, registrar and dividend disbursing agency agreement dated May 29, 2012, Computershare Trust Company of Canada is the registrar and transfer agent for the Class A Shares in the capital of the Company at their principal offices located in Toronto, Ontario.

Promoter

The Mortgage Broker has taken the initiative in founding and organizing the Company and, accordingly, may be considered to be a "promoter" of the Company within the meaning of the securities legislation of certain provinces of Canada. The Mortgage Broker receives fees from the Manager and is entitled to reimbursement of expenses incurred in relation to the Company as described under "Organization and Management Details of the Company — Mortgage Broker — Details of the Mortgage Brokerage Agreement".

CALCULATION OF NET ASSET VALUE AND NET ASSET VALUE PER CLASS A SHARE

Net Asset Value of the Company

The NAV of the Company is calculated by the Manager at the close of business on each Valuation Date. The most recently calculated NAV is available to the public upon request and is posted at www.trezcapital.com for this purpose. The NAV of the Company is the value of the assets of the Company less (1) the liabilities of the Company and (2) the stated capital of the Voting Shares of the Company (being $100).

In calculating the NAV:

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

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

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

(d) the value of any other property will be the value determined by Trez, or its delegate, which most accurately reflects its fair value; and

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

The Canadian Institute of Chartered Accountants released Accounting Guideline 18, Investment Companies, which requires that investments held by the Company be measured and reported in the financial statements at their fair values. Investments in Mortgages are recorded at fair value and any differences between the fair value and the carrying value of individual investments in Mortgages are recorded as investment gains or losses, as appropriate, in the statement of operations in the period the difference arises. The actual value of the Mortgage will be determined at its maturity. The accounting policy requires the disclosure of unrealized gains and losses. Significant unrealized losses may be indicative of a higher risk of loss in the Portfolio. Trez will determine the need for adjustments to the recorded amounts of investments in Mortgages based on changes in circumstances relating to the mortgagor and to market conditions.

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

The directors of the Company, together with Trez, review and, if required from time to time, consider the appropriateness of the valuation guidelines adopted by the Company. As such, at the discretion of the directors of the Company, the valuation guidelines may be modified, acting reasonably, in good faith and in the best interests of the Class A Shareholders. Any material modification of the valuation guidelines will be disclosed, by press release or other timely disclosure document issued by the Company.

Net Asset Value per Class A Share

The net asset value per Class A Share (the "NAV per Class A Share") is the quotient obtained by dividing the NAV of the Company on a given day by the total number of outstanding Class A Shares (immediately before any subscriptions for or redemptions of Class A Shares) at the close of business on such day.

NAV per Class A Share is calculated by the Manager at the close of business on each Valuation Date. The most recently calculated NAV per Class A Share is available to the public upon request and is posted at www.trezcapital.com.

For information concerning the redemption of Class A Shares, see "Redemption of Class A Shares" and "Risk Factors — Redemption Risks".

ATTRIBUTES OF THE CLASS A SHARES

Description of the Class A Shares Distributed

The Company is authorized to issue an unlimited number of Class A Shares and an unlimited number of Voting Shares, a summary of the terms and conditions of which is set forth below. Before giving effect to the Offering, there are issued and outstanding 11,500,000 Class A Shares and 100 Voting Shares. Additional Class A Shares will be issued under the Offering and other offerings that may be completed in the future.

Voting Shares

The Voting Shares are owned by Messrs. Morley Greene, Robert Perkins, Alexander (Sandy) Manson, Michael Nisker and Ken Lai as to 20% each. Accordingly, the holders of all of the issued and outstanding Voting Shares have the power to vote on all matters to be considered by the holders of Voting Shares. See "Principal Shareholders".

The holders of Voting Shares are not entitled to receive dividends. The holders of the Voting Shares are entitled to one vote per share. The Voting Shares are redeemable and retractable and can be repurchased by the Corporation at a price of $1.00 per share. The Voting Shares rank subsequent to the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company.

Certain Provisions of the Class A Shares

General Rights and Privileges

The holders of Class A Shares are entitled to receive dividends as and when declared by the board of directors of the Company on the Class A Shares. The holders of Class A Shares are not entitled to vote at meetings of the shareholders of the Company, other than as required by law or as set forth under "Shareholder Matters — Meetings of Class A Shareholders".

Class A Shares rank in priority to the Voting Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company. Upon the dissolution, liquidation or winding up of the Company, after satisfaction of all liabilities of the Company (or the establishment of reserves or other provision therefor) holders of Class A Shares will be entitled to receive their pro rata portion of the NAV attributable to the Class A of Shares. See "Calculation of Net Asset Value and Net Asset Value per Class A Share".

Restrictions on Ownership

No shareholder of the Company is permitted, together with Related Persons, at any time to hold more than 25% of any class of the issued shares.

In the event that (i) the exercise by any Class A Shareholder of a redemption right associated with the Class A Shares, or (ii) as determined by the board of directors of the Company in its sole discretion, any other transaction affecting any Class A Shares (each a "Triggering Transaction"), if completed, would cause any holder(s) of such Class A Shares (each an "Automatic Repurchase Shareholder"), together with Related Persons, to hold more than 25% of the Class A Shares, that portion of such Class A Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued Class A Shares (the "Repurchased Shares") will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Company (an "Automatic Repurchase") without any further action by the Company or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to 100% of the NAV per Class A Share in effect on the date of the Triggering Transaction, less any costs associated with such purchase. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder within 60 days following the date of the Triggering Transaction.

Purchase for Cancellation

Subject to applicable law, the Company may at any time or from time to time purchase Class A Shares for cancellation at a price per share not exceeding the NAV per Class A Share most recently calculated immediately prior to such purchase.

Amendments

Amendments to the terms of the Class A Shares or Voting Shares must be approved by the applicable shareholders of the Company in accordance with applicable laws and as set forth under Shareholder Matters — Matters Requiring Class A Shareholder Approval".

Book-Entry Only System

Registration of interests in and transfers of the Class A Shares is made solely through the book-entry only system maintained by CDS. On the closing of the Offering, the Company will deliver to CDS a global certificate or other evidence of the number of Class A Shares subscribed for under the Offering. Class A Shares must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of an owner of Class A Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by CDS. Upon the acquisition of Class A Shares, the owner will receive only the customary confirmation. References in this prospectus to a Class A Shareholder means, unless the context otherwise requires, the owner of the beneficial interest in Class A Shares.

The ability of an owner of Class A Shares to pledge such Class A Shares or otherwise take action with respect to such owner's interest in such Class A Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

An owner of Class A Shares who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to redeem such Class A Shares, no later than 4:00 p.m. (Toronto time) on the relevant notice date. Accordingly, an owner who desires to redeem Class A Shares should ensure that the CDS Participant is provided with a redemption notice sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The form of redemption notice will be available from a CDS Participant. Any expense associated with the preparation and delivery of redemption notices will be for the account of the owner of Class A Shares exercising the redemption privilege.

By causing a Participant to deliver to CDS a redemption notice, an owner shall be deemed to have irrevocably surrendered his or her Class A Shares for redemption and appointed such CDS Participant to act as exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice which CDS determined to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Company, Trez to the CDS Participant or to the owner.

The Company has the option to terminate registration for the Class A Shares through the book-entry only system in which case certificates for such securities in fully registered form would be issued to beneficial owners of such Class A Shares or to their nominees.

SHAREHOLDER MATTERS

Meetings of Class A Shareholders

Except as required by law or set out below, Class A Shareholders are not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company.

Unless otherwise required by law, the following acts require the approval of Class A Shareholders at a meeting called and held for such purpose. Each Class A Share will have one vote at such a meeting. Items (1) through (6) require approval by resolution passed by at least 66⅔% of the votes cast by Class A Shareholders voting thereon (an "Extraordinary Resolution"). Items (7) through (9) will require approval by resolution passed by at least a simple majority of votes cast by Class A Shareholders (an "Ordinary Resolution"), unless a greater majority is required by law.

1. a change to the investment objectives or investment restrictions of the Company, unless such changes are necessary to maintain the Company's status as a MIC or otherwise to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
2. except as described herein, a change in the Manager, other than (a) to a person that is an affiliate (or a limited partnership of which the general partner is an affiliate) of the general partner of the Manager, or (b) a termination of the Management Agreement in accordance with its terms;
3. any increase in the basis of calculating the Management Fee or Performance Fee paid to the Manager or the rate per annum of the Management Fee;
4. the sale of all or substantially all of the assets of the Company other than in the ordinary course of its activities;

5. any amendment, modification or variation in the provisions or rights attaching to the Class A Shares or Voting Shares;

6. any cessation of the Company's Mortgage investment business and termination of the Company;

7. a reorganization with, or transfer of assets to, another entity, if:

   (a) the Company ceases to continue after the reorganization or transfer of assets; and

   (b) the transaction results in Class A Shareholders becoming securityholders in the other entity;

8. a reorganization with, or acquisition of assets of, another entity, if

   (a) the Company continues after the reorganization or acquisition of assets; and

   (b) the transaction results in the securityholders of the other entity holding a majority of the outstanding securities of the Company; or

9. any issuance of Class A Shares, other than by way of a distribution paid in additional Class A Shares or pursuant to a DRIP, at a price per Class A Share, the net proceeds of which is less than the NAV per Class A Share as at (a) the date immediately prior to the date an engagement letter is entered into with respect to such offering, or (b) the date immediately prior to the date of pricing of such offering, or (c) in the case of a direct sale of Class A Shares by the Company not made through an underwriter or an agent engaged by the Company, at the time the subscription is agreed to by the Company.

In addition, any change to any of the foregoing matters requiring shareholder approval shall require the same approval required to approve such matter.

At a meeting of shareholders of the Company, a quorum will constitute 10% of the outstanding shares in the capital of the Company, represented in person or by proxy at a meeting. If no quorum is present at such meeting within 30 minutes of the time called for such meeting, if called on the requisition of a Class A Shareholder the meeting will be terminated and otherwise will be adjourned to be held on the day that is 7 days after the so adjourned meeting, at the same time and place; provided that if such day is not a business day, the meeting shall be held on the next business day. At the re-convened meeting, the Class A Shareholders then present in person or represented by proxy will form the necessary quorum.

Reporting to Class A Shareholders

The Company will make available to Class A Shareholders such financial statements and other continuous disclosure documents as are required by applicable law, including unaudited interim and audited annual financial statements that will include the accounts of the Company and a statement of investments. The Company shall make available to each Class A Shareholder annually, within the time periods prescribed by law, information necessary to enable such Class A Shareholder to complete an income tax return with respect to the amounts payable by the Company.

WINDING-UP OF THE COMPANY

The Company intends to operate as a closed-end mortgage investment corporation and to invest and reinvest its funds in Mortgages and make distributions to Class A Shareholders. However, the Manager may, subject to approval by Class A Shareholders, cause the Company to cease carrying on its Mortgage investment business and be terminated at any time if, in its opinion, it is no longer economically practical to continue the Company or the Manager determines that it would be in the best interest of the Class A Shareholders to wind-up the Company's affairs, liquidate the Portfolio and distribute its net assets to Class A Shareholders. The Company also may wind-up its affairs at any time with the approval of Class A Shareholders by an Extraordinary Resolution passed at a duly convened meeting of Class A Shareholders called for that purpose.

USE OF PROCEEDS

The Company expects the net proceeds of the Offering to be as follows:

	Maximum Offering[2]
Gross proceeds to the Company	$100,000,000
Agents' fees	$ 4,000,000
Estimated Expenses of the Offering[1]	$ 700,000
Net proceeds to the Company	$ 95,300,000

(1) The Manager has agreed to pay for the expenses of the Offering in excess of 1.5% of the gross proceeds of the Offering.

(2) The Maximum Offering amount is $100,000,000 (10,000,000 Class A Shares). There is no minimum amount for the Offering.

The Company will use substantially all of the net proceeds of the Offering to fund investments in Mortgages in a manner consistent with the investment objectives, strategies and restrictions of the Company. Any net proceeds not applied as described above will be used by the Company for general working capital expenditures. Based on its current monthly volume of funding new Mortgage loans, Trez expects that the net proceeds used to fund investments in Mortgages will be fully invested within three months following completion of the Offering.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer the Class A Shares, as agents of the Company, on a reasonable "best efforts" basis, if, as and when issued by the Company. The Offering is expected to close on or about September 7, 2012, or such later date as the Company and the Agents may agree, but in any event not later than September 30, 2012. Assuming completion of the Offering, the Agents will receive a fee equal to $0.40 (4.0%) for each Class A Share sold, payable by the Company and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and exempt market dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their reasonable "best efforts" to sell the Class A Shares offered hereby, the Agents will not be obligated to purchase Class A Shares which are not sold. The offering price for the Class A Shares is fixed at $10.00 and, together with the aggregate number of Class A Shares offered under the Offering, was determined by negotiation between the Company and the Agents.

The Company has granted the Agents an over-allotment option, exercisable for a period of 30 days from the closing of the Offering, to purchase additional Class A Shares representing up to 15% of the number of Class A Shares sold under the Offering, on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. This prospectus qualifies the distribution of the Over-Allotment Option and the Class A Shares issuable on the exercise of the Over-Allotment Option. The Agents may exercise the Over-Allotment Option, in whole or in part, at any time on or before the close of business on the 30th day following the closing of the Offering. To the extent that the Over-Allotment Option is exercised, the additional Class A Shares issued, as applicable, will be offered at $10.00 per Class A Share and the Agents will be entitled to a fee of $0.40 (4.0%) for Class A Share sold. Any investors who acquire Class A Shares forming part of the Agents' over-allocation position will acquire those Class A Shares under this prospectus regardless of whether the over-allocation is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases.

Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. The Agency Agreement further provides that the Agents will hold in trust all funds received from subscriptions. In the event the necessary consents are not obtained by the Company or if the closing of the Offering does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Class A Shares will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice.

The outstanding Class A Shares are listed and posted for trading on the TSX under the symbol "TZZ". The TSX has conditionally approved the listing of the Class A Shares distributed under this prospectus, subject to the Company fulfilling the listing requirements of the TSX on or before November 6, 2012.

Pursuant to policy statements of certain securities regulatory authorities, the Agents may not, throughout the period of distribution, bid for or purchase Class A Shares. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Class A Shares. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering, the Agents may over-allot or effect transactions in connection with its over-allotment position. Such transactions, if commenced, may be discontinued at any time.

Class A Shares have not been nor will they be registered under the U.S. Securities Act or the securities laws of any state in the United States and, subject to certain exemptions, may not be offered or sold or otherwise transferred or disposed of in the United States.

PRINCIPAL SHAREHOLDERS

Messrs. Morley Greene, Robert Perkins, Alexander (Sandy) Manson, Michael Nisker and Ken Lai (the "Principal Voting Shareholders") each owns beneficially and of record 20% of the issued and outstanding Voting Shares of the Company.

All of the Voting Shares beneficially held by the Principal Voting Shareholders have been placed in escrow with Computershare Trust Company of Canada pursuant to a voting share escrow agreement. Under the voting share escrow agreement, none of the Voting Shares of the Company may be disposed of or dealt with in any manner until all the Class A Shares have been redeemed, without the express consent, order or direction in writing of the British Columbia Securities Commission except that the Voting Shares may be pledged to a Canadian chartered bank as collateral to secure a bona fide debt to such bank.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Trez receives the fees described under "Fees and Expenses" for its services to the Company and is reimbursed by the Company for certain expenses incurred in connection with the operation and administration of the Company and may invest in Mortgage loans in respect of property that Trez or any of its affiliates has an interest in. Trez or any of its affiliates may earn fees from providing investment advisory services to funds invested in such properties. See "Fees and Expenses" and "Risk Factors — Conflicts of Interest". Moreover, the Company's activities may from time to time be restricted due to regulatory restrictions applicable to Trez and/or its internal policies designed to comply with such restrictions. As a result, there may be periods, for example, during which Trez or the Company may be restricted from engaging in certain transactions.

MATERIAL CONTRACTS

Contracts material to investors in the Class A Shares offered by this prospectus that have been entered into by the Company are the:

(a) Management Agreement described under "Organization and Management Details of the Company — Manager and Portfolio Advisor of the Company";

(b) Mortgage Brokerage Agreement described under "Organization and Management Details of the Company — Mortgage Broker";

(c) Agency Agreement described under "Plan of Distribution"; and

(d) Custodian Agreement referred to under "Organization and Management Details of the Company — Custodian".

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Company during the course of distribution of the Class A Shares offered hereby.

EXPERTS

The matters referred to under "Canadian Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon by Fasken Martineau DuMoulin LLP on behalf of the Company and McCarthy Tétrault LLP on behalf of the Agents. As of the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP and McCarthy Tétrault LLP, as a group, each beneficially own less than 1% of the outstanding Class A Shares of the Company.

The auditor of the Company is KPMG LLP, Chartered Accountants.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the same time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

INDEPENDENT AUDITORS' REPORT

To the Directors of
Trez Capital Mortgage Investment Corporation

We have audited the accompanying financial statements of Trez Capital Mortgage Investment Corporation, which comprise the statement of investment portfolio as at June 30, 2012 and the statement of net assets as at June 30, 2012, the statements of operations, changes in net assets and cash flow for the period from inception on April 18, 2012 to June 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statements of investment portfolio and net assets of Trez Capital Mortgage Investment Corporation as at June 30, 2012 and the results of its operations, changes in net assets and cash flow for the period from inception on April 18, 2012 to June 30, 2012, in accordance with Canadian generally accepted accounting principles.

August 3, 2012
Vancouver, Canada

"KPMG LLP"
Chartered Accountants

FINANCIAL STATEMENTS

TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF NET ASSETS
(Expressed in Canadian Dollars)

June 30, 2012

	Notes	
Assets		
Investments in mortgages	5	$ 32,426,000
Cash and cash equivalents		75,988,736
Accrued interest receivable		164,636
Commitment fees receivable		388,118
		108,967,490
Liabilities		
Accounts payable and accrued liabilities		498,281
Deferred commitment fees		382,369
		880,650
Net assets, representing shareholders' equity		$108,086,840
Redeemable shares:		
Class A shares	7	$108,086,740
Voting shares	7	100
		$108,086,840
Number of Class A shares outstanding		11,500,000
Net assets per Class A share		9.40

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

Approved on behalf of the Board:

"Sandy Manson" Director *"Michael Nisker"* Director

Sandy Manson Michael Nisker

TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF OPERATIONS
(Expressed in Canadian Dollars)

Period from Incorporation on April 18, 2012 to June 30, 2012

	Notes	
Revenue:		
Interest and fee income		$ 170,385
Expenses:		
Management fees	4, 8	116,167
Audit fees		9,480
Custodian fees		11,200
Independent review committee fees		5,204
Transfer agent fees		4,094
		146,145
Income from operations		$ 24,240
Income from operations per Class A share		$ 0.01
Weighted average number of Class A shares outstanding		4,643,836

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

TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS
(Expressed in Canadian Dollars)

Period from Incorporation on April 18, 2012 to June 30, 2012

	Notes	Voting shares	Class A shares	Total
Net assets, April 18, 2012		$—	$ —	$ —
Private placement		100	—	100
Initial public offering		—	115,000,000	115,000,000
Share issuance costs	7	—	(6,937,500)	(6,937,500)
Income from operations		—	24,240	24,240
Net assets, June 30, 2012		$100	$108,086,740	$108,086,840

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

TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

Period from Incorporation on April 18, 2012 to June 30, 2012

Cash provided by (used in):	
Operations:	
Income from operations	$ 24,240
Increase (decrease) in net assets from operations:	
Accrued interest receivable	(164,636)
Commitment fees receivable	(388,118)
Unearned revenue	382,369
Accounts payable and accrued liabilities	498,281
	352,136
Financing:	
Proceeds from issuance of shares	115,000,100
Share issuance costs	(6,937,500)
	108,062,600
Investments:	
Funding of investments in mortgages	(32,426,000)
Increase in cash and cash equivalents	75,988,736
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	$ 75,988,736
Supplemental cash flow information:	
Interest paid	$ —
Interest received	—

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

TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF INVESTMENT PORTFOLIO
(Expressed in Canadian Dollars)

June 30, 2012

Property under mortgage	Location	Ranking	Mortgage rate	Due date	Carrying value
Residential	ON	1st	10.99%	August 5, 2014	$ 2,050,000
Residential	ON	1st	12.31%	February 1, 2014	2,664,000
Residential	NS	1st	7.13%	January 1, 2015	9,012,000
Office	AB	2nd	9.00%	April 1, 2014	8,000,000
Office	ON	1st	8.25%	February 1, 2014	10,700,000
					$32,426,000

Mortgage portfolio summary:

Mortgage rate %	Number of mortgages and loans	Amortized Cost	Fair value	% of net assets	Unrealized gain (loss)
Less than or equal to 7.50%	1	9,012,000	9,012,000	8%	—
7.51% to 7.75%	—	—	—	—	—
7.76% to 8.00%	—	—	—	—	—
8.01% to 8.25%	1	10,700,000	10,700,000	10%	—
8.26% to 8.50%	—	—	—	—	—
8.51% to 8.75%	—	—	—	—	—
8.76% to 9.00%	1	8,000,000	8,000,000	8%	—
9.01% to 9.25%	—	—	—	—	—
9.26% to 9.50%	—	—	—	—	—
9.51% to 9.75%	—	—	—	—	—
9.76% to 10.00%	—	—	—	—	—
10.01% to 10.25%	—	—	—	—	—
10.26% to 10.50%	—	—	—	—	—
10.51% to 10.75%	—	—	—	—	—
10.76% to 11.00%	1	2,050,000	2,050,000	2%	—
11.01% to 11.25%	—	—	—	—	—
11.26% to 11.50%	—	—	—	—	—
11.51% to 11.75%	—	—	—	—	—
11.76% to 12.00%	—	—	—	—	—
12.01% to 12.25%	—	—	—	—	—
12.26% to 12.50%	1	2,664,000	2,664,000	2%	—
Investments in mortgage	5	32,426,000	32,426,000	30%	
Cash and cash equivalents, and other receivables and net liabilities			75,660,840	70%	
Net assets			108,086,840	100%	

1. OPERATIONS:

Trez Capital Mortgage Investment Corporation (the "Company") is a non-bank lender providing residential and commercial short-term bridge and conventional real estate financing, including construction and mezzanine mortgages. Trez Capital Mortgage Investment Corporation was incorporated on April 18, 2012 under the Canada Business Corporations Act. The Company is managed by Trez Capital Limited Partnership (the "Manager").

The Company became a reporting issuer on May 28, 2012 and the shares of the Company are publicly listed on the Toronto Stock Exchange under the symbol TZZ. The Company is a Canadian mortgage investment corporation and the registered office of the Company is 1550 - 1185 West Georgia Street, Vancouver, BC, V6E 4C6.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation:

The financial statements of the Company have been prepared by the Manager in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company is an investment company, as defined by Accounting Guideline 18, *Investment Companies*.

These financial statements were approved by the Board of Directors on August 3, 2012.

(b) Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(c) Investment portfolio:

Mortgage investments are recorded at fair value, with any changes in fair value reflected in the statement of operations. The fair value of the investments in the mortgages is calculated using the effective interest rate based on a discounted cash flow analysis of the future expected cash flows from the period end to the maturity of the investment.

The discount rate used to discount the future expected cash flows of each applicable investment is the aggregate rate given by taking an appropriate Bank of Canada Treasury bill rate at the period end and applying the inherent credit spread of each mortgage at the time of investing in the mortgage.

When the Manager considers the collection of principal on a particular mortgage investment to be no longer reasonably assured, the fair value of the portfolio is reduced to reflect the estimated realizable recovery from the collateral securing the mortgage loans.

The gains or losses on disposal or repayment transactions are recorded as realized gains or losses at the time of disposal or repayment, respectively.

(d) Interest income:

Interest income is recognized in the statement of operations using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable is recognized in the statement of operations as interest income.

(e) Deferred commitment fee:

Commitment fees received from borrowers are amortized to interest and fee income over the contractual term of the mortgage they relate to.

(f) Dividends to holders of redeemable shares:

Dividends payable to holders of redeemable Class A shares are recognized in the statement of operations as finance costs when they are authorized.

2. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Income taxes:

The Company is a mortgage investment corporation (“MIC”) pursuant to the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company’s dividends results in the Company being effectively exempt from taxation and no provision for current or future income taxes is required.

(h) Share capital:

Class A shares are classified as equity. Incremental costs directly attributable to the issue of Class A shares are recognized as a deduction from equity.

(i) Income from operations per Class A share:

Income from operations per Class A share is calculated by dividing the income from operations of the Company by the weighted average number of Class A shares outstanding during the period.

(j) Net assets per share:

The net assets per share is calculated by dividing the net assets of Class A shares by the total number of outstanding Class A shares at the end of the period.

(k) Use of estimates and judgements:

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

The most significant estimates that the Manager is required to make relate to the fair value and impairment of the investments in mortgages. These estimates may include assumptions regarding 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 and other factors affecting the investments in mortgages and underlying security of the mortgages.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Liquid credit markets and volatile equity markets have combined to increase the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

(l) Future accounting changes:

International Financial Reporting Standards (“IFRS”) replaced Canadian GAAP for all publicly accountable enterprises on January 1, 2011.

In December 2011, the Accounting Standards Board of the CICA deferred the mandatory adoption of IFRS for investment companies until fiscal years beginning on or after January 1, 2014. As a result of the amendments, the Company will adopt IFRS at the earliest beginning January 1, 2014, and will issue its first interim financial statements in accordance with IFRS, including comparative IFRS information for the previous fiscal period, for the interim period ending June 30, 2014.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

(a) Fair value of financial instruments:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. All of the Company’s assets and liabilities are financial instruments. The

(Expressed in Canadian Dollars)

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (Continued)

Company's investments in mortgages and cash and cash equivalents are carried at fair value in the financial statements. The carrying value of the Company's other financial instruments approximate fair value due to their short term to maturity.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Company's investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

The Company's assets recorded at fair value have been categorised as follows:

June 30, 2012	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$75,988,736	$ —	$ —	$ 75,988,736
Investments in mortgage	—	—	32,426,000	32,426,000
	$75,988,736	$	$32,426,000	$108,414,736

There were no transfers between Level 1 and Level 2 during the year.

(b) Risk management:

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

- credit risk;
- liquidity risk; and
- market risk.

The Company's strategy is to acquire and maintain a diversified portfolio of Mortgages on real property in Canada that preserves capital and generates attractive returns in order to permit the Company to pay monthly distributions to its Class A shareholders.

The Manager has been given discretionary authority to manage the assets in line with the Company's investment restrictions and objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the board of directors on an ongoing basis.

(i) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from the mortgages held, and also from cash and cash equivalents, and receivables. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk)

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

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

The Company's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at June 30, 2012 is represented by the respective carrying amounts of the relevant financial assets in the statement of net assets.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (Continued)

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's prospectus provides for the monthly cancellation of shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions at each redemption date.

The Company's financial assets include a portfolio of mortgages, which are generally illiquid. As a result, the Company may not be able to liquidate some of its investments in these instruments in due time in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with the policies and procedures in place. The Company's overall liquidity is monitored on a quarterly basis by the board of directors. The Company's redemption policy only allows for redemptions from the 10^{th} to the 15^{th} day of the month and payment will be provided on or before the 15^{th} day of the following month. It is the Managers policy to have liquid assets comprising cash and cash equivalents or access to bank lending in order to meet anticipated redemptions.

The board of directors is empowered to impose a redemption gate should redemption levels exceed 5% of the average number of Class A shares outstanding for the 90 day period immediately preceding the applicable Monthly Redemption Date, or 15% of the average number of Class A shares outstanding for the 180 day period immediately preceding the Annual Redemption Date.

As at June 30, 2012, the Manager considers that the Company does not have significant exposure to liquidity risk.

(iii) Market risk:

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

The Company's strategy for the management of market risk is driven by the Company's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada that preserves capital and generates returns in order to permit the Company to pay monthly distributions to its Class A shareholders.

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

- Interest rate risk:

  The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Company's interest-bearing financial instruments, the Company's policy is to transact in financial instruments that mature in the short term, i.e. no longer than 36 months. Accordingly, the Company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

  A 0.5% decrease in interest rates, with all other variables held constant, would reduce net assets from operations by $379,944 annually, arising mainly as a result of lower interest income generated on cash and cash equivalents. A 0.5% increase in interest rates, with all other variables held constant, would increase net assets from operations by $542,074 annually, arising mainly as a result of higher interest income generated on variable rate mortgage investments as well as cash and cash equivalents

- Currency risk:

  Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not currently exposed to currency risk.

(Expressed in Canadian Dollars)

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (Continued)

- Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from the aforementioned risks), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments are comprised of short term mortgages where the fair value of these investments fluctuates primarily in response to interest rate risks, rather than in response to general market conditions.

Because of these factors, sensitivity analysis that would measure the impact on the Company's net assets from changes in the general level of market prices has not been provided as the Manager believes this information would not be meaningful. The Manager moderates this risk through careful selection and diversification of mortgages within the limits of the Company's investment objective and strategy.

4. RELATED PARTY TRANSACTIONS AND BALANCES:

(a) The Company is managed by the Manager, a related party by virtue of common management. Pursuant to the Management Agreement referred to in note 8, during the period the Company paid management fees of $116,167.

(b) As at June 30, 2011, The Company has co-invested in a mortgage investment with TG Income Trust II, a related party by virtue of common management. The total amount of the mortgage is $11,400,000, of which the Company's share is $10,700,000.

(c) All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company invests in mortgages on a participation basis with parties related to the Manager. Title to mortgages is held by Computer Share Company of Canada, ("the Custodian"), on behalf of the beneficial owners of the mortgages. In addition, certain Mortgage Broker duties are performed by the Mangaer. The Manager is related to the the Company through common control.

5. INVESTMENTS IN MORTGAGES:

	Number	June 30, 2012
Office	2	18,700,000
Residential	3	13,726,000
	5	32,426,000

The mortgages are secured by the real property to which they relate, bear interest at a weighted average interest rate of 9.32% and mature between 2014 and 2015. The mortgage agreements stipulate a minimum interest rate and a variable interest rate based on the Prime Rate for Canadian Dollar Loans established by HSBC ("Prime Rate"). Current premiums to the Prime Rate range from plus 4.125% to plus 6.0%, with the current minimum rates ranging from 7.125% to 9.0%.

Principal repayments based on contractual maturity dates are as follows:

	Number	June 30, 2012
2014	4	23,414,000
2015	1	9,012,000
	5	32,426,000

All mortgages are conventional uninsured mortgages which contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without penalty or yield maintenance.

As part of the assessment of fair value, the Manager routinely reviews each mortgage for impairment to determine whether or not an investment should be recorded at its estimated realizable value.

5. INVESTMENTS IN MORTGAGES: (Continued)

As at June 30, 2012, the Manager does not believe an impairment exists on any mortgage investments. As such, no adjustment to the fair value of the investments in mortgages has been recorded.

6. DIVIDENDS:

The Company will make dividend payments at an annual rate of $0.70 per share to Class A shareholders on a monthly basis on or about the 15th day of each month beginning in September 2012. The operating policies of the Company require that the Company distribute to Class A shareholders, within 90 days after the year end, at least 100% of the income from operations of the Company determined in accordance with the Income Tax Act (Canada), subject to certain adjustments. For the period ended June 30, 2012, the Company has not recorded any dividends.

7. SHARE CAPITAL:

As at June 30, 2012, there were an unlimited number of Voting and Class A shares authorized. Shares outstanding amounted to 100 Voting shares and 11,500,000 Class A shares.

The Voting Shares are not entitled to receive dividends. The holders of the Voting Shares will be entitled to one vote per share. The Voting Shares are redeemable and retractable and can be repurchased by the Corporation at a price of $1.00 per share. The Voting Shares rank subsequent to the Class A shares with respect to distributions on the dissolution, liquidation or winding up of the Company.

The holders of the Class A shares are entitled to receive dividends as and when declared by the board of directors of the Company on the Class A shares.

In connection with its initial public offering the Company paid $6,037,500 in brokerage fees and incurred $900,000 in legal, accounting and finder's fees.

8. MANAGEMENT FEES:

The Manager is responsible for the day-to-day operations, including administration of the Company's mortgage portfolio. Pursuant to the Management Agreement dated May 25, 2012, the Manager is entitled to a fee of 1.35% per annum of Net Asset Value ("NAV") of the Company (the "Management Fee"), plus applicable taxes, calculated daily and paid monthly in arrears.

The Manager is also entitled to a performance fee. In any calendar year where the Company has a Net Return in excess of the Hurdle Rate (Hurdle Rate is defined as the average two-year Government of Canada Bond Yield for the 12 month period then ended plus 450 basis points), the Manager is entitled to receive from the Company a performance fee equal to 20% of the net return of the Company over the Hurdle Rate (the "Performance Fee"). The Manager will calculate the final Performance Fee in respect of a completed calendar year based on the audited financial statements for that year. The Performance Fee in respect of a calendar year will be payable to the Manager within 15 days of the issuance of the Company's audited financial statements for that year.

In the event of redemption of shares by the Company, any dividends declared by the Company during the calendar year in which the redemptions have taken place will be annualized and evaluated with respect to the Hurdle Rate. Fees payable to the Manager shall be, in any calendar year where the Company has net earnings available for distribution to shareholders in excess of the Hurdle Rate, 20% of such excess.

9. CAPITAL MANAGEMENT:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to be able to generate returns for its investors. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to invest in mortgages in order to provide a return to its Class A shareholders. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of additional Class A shares. The Company is not subject to externally imposed capital requirements.

10. SUBSEQUENT EVENTS:

(a) Subsequent to period end, the Company has invested $56.7 million in eight additional mortgages and has signed commitment letters, but not yet advanced the funds, for $1.7 million.

(b) Subsequent to period end, the Manager completed an internal re-organization as a result of which, effective July 25, 2012, the responsibility of managing the day-to-day activities of the Company was transferred to Trez Capital Fund Management Limited Partnership. Pursuant to the same reorganization the Manager retained its responsibility as the Mortgage Broker for the Company. No other terms or conditions of the management agreement were changed as a result of the reorganization.

AUDITORS' CONSENT

To the Board of Directors of
Trez Capital Mortgage Investment Corporation

We have read the prospectus dated August 29, 2012 relating to the sale and issue of Class A Shares of Trez Capital Mortgage Investment Corporation (the "Company"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus, of our report to the directors of the Company on the financial statements of the Company which comprise the statement of investment portfolio as at June 30, 2012 and the statement of net assets as at June 30, 2012, the statements of operations, changes in net assets and cash flow for the period from inception on April 18, 2012 to June 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated August 3, 2012.

August 29, 2012	(signed) KPMG LLP
Vancouver, Canada	Chartered Accountants

CERTIFICATE OF TREZ CAPITAL MORTGAGE INVESTMENT CORPORATION

Dated: August 29, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada.

(Signed) MICHAEL J.R. NISKER
Chief Executive Officer

(Signed) ALEXANDER (SANDY) MANSON
Chief Financial Officer

On behalf of the Directors

(Signed) STEPHEN PUSTIL
Director

(Signed) CLARE R. COPELAND
Director

CERTIFICATE OF TREZ CAPITAL FUND MANAGEMENT LIMITED PARTNERSHIP
(as the Manager of Trez Capital Mortgage Investment Corporation)

Dated: August 29, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada.

(Signed) MORLEY GREENE
Chief Executive Officer of Trez Capital Fund Management (2011) Corporation, the general partner of Trez Capital Fund Management Limited Partnership

(Signed) ALEXANDER (SANDY) MANSON
Chief Financial Officer of Trez Capital Fund Management (2011) Corporation, the general partner of Trez Capital Fund Management Limited Partnership

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

(Signed) MICHAEL J.R. NISKER
Director

(Signed) ROBERT PERKINS
Director

CERTIFICATE OF TREZ CAPITAL LIMITED PARTNERSHIP
(as the Promoter of Trez Capital Mortgage Investment Corporation)

Dated: August 29, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada.

(Signed) MORLEY GREENE
Chief Executive Officer of Trez Capital (2011) Corporation, the general partner of Trez Capital Limited Partnership

CERTIFICATE OF THE AGENTS

Dated: August 29, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada.

RBC DOMINION SECURITIES INC.	CIBC WORLD MARKETS INC.
(Signed) REINHART PLESSL	(Signed) MICHAEL D. SHUH

CANACCORD GENUITY CORP.

(Signed) EARL ROTMAN

BMO NESBITT BURNS INC.	RAYMOND JAMES LTD.	SCOTIA CAPITAL INC.
(Signed) ROBIN G. TESSIER	(Signed) J. GRAHAM FELL	(Signed) BRYCE STEWART

GMP SECURITIES L.P.	MACQUARIE PRIVATE WEALTH INC.	MANULIFE SECURITIES INCORPORATED	NATIONAL BANK FINANCIAL INC.	TD SECURITIES INC.
(Signed) NEIL SELFE	(Signed) BRENT LARKAN	(Signed) WILLIAM PORTER	(Signed) TIMOTHY D. EVANS	(Signed) CAMERON GOODNOUGH

DESJARDINS SECURITIES INC.	MACKIE RESEARCH CAPITAL CORPORATION
(Signed) BETH A. SHAW	(Signed) DAVID J. KEATING

TREZ

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