TREZ CAPITAL
SENIOR MIC

Management Discussion and Analysis
Fourth Quarter and Year End
December 31, 2020

Management's Discussion and Analysis

Basis of Presentation

This Management's Discussion and Analysis ("MD&A") has been prepared and includes material financial information as of February 16, 2021. This MD&A should be read in conjunction with the audited financial statements of Trez Capital Senior Mortgage Investment Corporation ("the Company") for the years ended December 31, 2020 and 2019 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

On May 9, 2016, the Special Committee of the Board of Directors announced the completion of its strategic review process and a plan for the orderly wind-up of the Company's assets and the return of capital to shareholders (the "Orderly Wind-Up Plan"). The Orderly Wind-Up Plan in its entirety was approved by shareholders at the Company's Annual and Special Meeting of Shareholders held on June 16, 2016.

On November 23, 2020 a "Separation and Mutual Release" agreement was signed between the Company and the Manager. As at December 31, 2020 the "Orderly Wind-Up Plan" administered by the Manager ceased and the Management Agreement dated May 6, 2016 was terminated.

Under the "Separation and Mutual Release", management of the Company was transferred from the Manager to the Company's internal management on January 1, 2021.

Under the Orderly Wind-Up Plan, the Company ceased originating new loans and all mortgage renewal activity, subject to contractual rights, and its assets are being monetized over time. The Orderly Wind-Up Plan was implemented, and capital is being returned to shareholders under the supervision of the Board of Directors. In addition, the Manager and its affiliates ceased providing any financial support in respect to any of the mortgages held in the Company's portfolio. The fees to the Manager were restructured as outlined in note 6 & 7 to the Company's audited financial statements for the year ended December 31, 2020.

All dollar amounts in this MD&A are in Canadian dollars.

Additional information related to the Company, including the Company's audited financial statements for year ended December 31, 2020, is available on SEDAR at www.sedar.com or www.trezcapitalseniormic.com.

Forward-Looking Statements

This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. These statements are typically identified by expressions like "believe", "expects", "anticipates", "would", "will", "intends", "projected", "in our opinion" and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that: (i) the Company will have sufficient capital under management to effect its investment strategies and pay its targeted dividends to shareholders, (ii) the investment strategies will produce the results as intended, (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages or loans of a quality that will generate returns that meet and or exceed the Company's targeted investment returns.

Forward-Looking Statements (continued)

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company's public disclosures.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Company and Trez Capital Fund Management LP (the "Manager") do not undertake, and specifically disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Non-IFRS Financial Measures

The Company prepares and releases its audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under IFRS and which do not have standard meanings prescribed by IFRS. These measures include the following:

- Mortgage portfolio – represents investments in mortgages net of accrued interest and fees receivable, mortgage syndications and fair value adjustments on investments in mortgages;
- Average mortgage investment – represents the mortgage portfolio divided by the number of mortgage investments at the reporting date;
- Weighted average interest rate – represents the weighted average effective interest rate on the mortgage portfolio at the reporting date;
- Loan-to-value ("LTV") – a measure of advanced and un-advanced mortgage commitments on a mortgage investment, including priority or pari-passu debt on the underlying real estate, as a percentage of the fair value of the underlying real estate collateral. For construction/redevelopment mortgage investments, fair value is based on an 'as completed' basis. Weighted average LTV is the dollar weighted average of mortgage LTVs in a portfolio;
- Dividend yield – represents the annualized yield on the Company's equity capitalization computed as the annual dividend divided by the closing price of the Company's share price as at the period end date;
- Average mortgage portfolio – represents the total of the monthly mortgage portfolio divided by the number of months in the reporting period; and
- Yield on average mortgage portfolio - represents an annualized percentage of interest revenue divided by the average mortgage portfolio during a period.

Non-IFRS measures should not be construed as alternatives to net income, comprehensive income or cash flows from operating activities determined in accordance with IFRS as indicators of the Company's performance.

Review and Approval by the Board of Directors

The Board of Directors (the "Board") approved the content of this MD&A on February 16, 2021.

Financial Highlights and Key Performance Indicators

($000s unless otherwise noted)	Three months ended December 31		Year ended December 31		
	2020	**2019**	**2020**	**2019**	**2018**
FINANCIAL					
Revenue	$279	$341	$1,242	$1,379	$1,228
Income (loss) from operations	359	609	1,261	1,314	604
Cash flow from operations	(381)	(84)	(546)	(83)	(293)
Dividends paid*	6,001	-	8,489	-	-
EPS (basic and diluted)	$0.61	$(0.16)	$0.55	$(0.07)	$0.08
PORTFOLIO					
Mortgage portfolio	$13,343	$16,235	13,343	16,235	$15,257
Total number of mortgage investments	2	2	2	2	2
Average mortgage investment	$6,672	$8,118	$6,672	$8,118	$7,628
Weighted average interest rate	7.05%	7.27%	7.05%	7.27%	7.54%
Weighted average loan to value	91.1%	92.5%	91.1%	92.5%	72.33%
Average mortgage portfolio	15,854	16,153	16,451	15,785	$16,589
Yield on average mortgage portfolio	7.04%	7.28%	7.11%	7.40%	6.64%

*The dividends paid have constituted returns of capital since August 15, 2016.

[1] Amount less than $500

For the three months and year ended December 31, 2020, revenue decreased by $62 thousand and $137 thousand compared to the same periods in 2019. The decrease in interest income was attributable to a decrease in the value of the mortgage portfolio caused by a principle repayment of $3.9 million on one of the two remaining mortgages.

Income from operations decreased by $250 thousand and $53 thousand for the three months and year ended December 31, 2020 compared to the same periods in 2019. The decrease was primarily the result of an increase in management fees related to a $200,000 fee described in the Separation and Mutual Release Agreement. Remaining expenses were largely consistent with the same periods in 2019.

Additionally, the fair value adjustment on investments in mortgages was reduced by $4.1 million during the fourth quarter of 2020.

Cash flow used in operations for the three months and year ended December 31, 2020 increased by $297 thousand and $463 thousand compared to the same periods in 2019. The increase in the year was primarily the result of reduced operating activity resulting from the Orderly Wind Up Plan offset by a cancellation in the incentive fee, the result of Separation and Mutual Release Agreement.

Regular distributions were discontinued in December 2017. There were no regular distributions made for the year ended December 31, 2020. The Company made a special distribution of $0.34 per Class A share of the Company totaling, $2,488,143 on August 20, 2020 and another special distribution of $0.82 per Class A share totaling $6,000,815 on October 14, 2020.

During the three months and year ended December 31, 2020, no mortgages were funded or fully repaid. The Company's investment in existing mortgages decreased by $109 thousand, which was primarily the result of capitalized interest and a principle repayment of $3.9 million on one of the two remaining mortgages. In addition, the fair value provision of one mortgage was reduced by $4.1 million. This was the result of management's analysis of the expected future cash flows on the mortgage outstanding.

At December 31, 2020, cash on hand was $5.6 million, a decrease of $5.1 million compared to the amounts held at December 31, 2019. The decrease is primarily the result of special distributions totaling $8.5 million offset by a principle repayment of $3.9 million on one of two remaining mortgages.

Business Update

During the quarter ended March 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. During the subsequent three quarters, global reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, quarantines, temporary business closures and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact cannot be estimated with any degree of certainty at this time. The public health crises has resulted in disruptions and volatility in financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact Real Property prices, interest rates, credit ratings, credit risk and inflation. These impacts could include decreases in the fair value of our mortgage investments or potential future decreases in revenue or the profitability of ongoing operations.

It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company as it relates to its ability to complete the Orderly Wind-Up Plan.

The Orderly Wind-Up of the Company commenced in June 2016. At June 30, 2016 the Company had total investments in mortgages of $67.9 million comprising of 19 mortgages. This compares to the current total investments in mortgages of $13.3 million, comprising two mortgages. Given there are only two mortgages remaining, limited interest and principal repayments are expected until the mortgages mature. One of the remaining mortgages is shared with an external senior loan-sharing partner.

On November 23, 2020 a “Separation and Mutual Release” agreement was signed between the Company and the Manager and the Management Agreement dated May 6, 2016 was terminated.

Mortgage Portfolio

At December 31, 2020, the Company's mortgage portfolio was comprised of two mortgage investments (December 31, 2019 – two), with a weighted average interest rate of 7.05% (December 31, 2019 – 7.27%).

($000s unless otherwise noted)	December 31, 2020	December 31, 2019
Mortgage portfolio	$13,343	$16,235
Accrued interest and fees receivable	78	99
Mortgage syndications	-	-
Fair value adjustments on investments in mortgages	(666)	(3,450)
Investments in mortgages	$12,755	$12,884

Asset Type

A summary of Company's mortgage portfolio by asset type is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**$ Amount**	**Number**	**$ Amount**	**% of Portfolio**
Residential (multi-residential)	2	$13,343	100%	2	$16,235	100.0%
Total	2	$13,343	100%	2	$16,235	100.0%

As of December 31, 2020, 100.0% of the Company's mortgage portfolio was secured by residential projects (December 31, 2019 – 100.0%).

Mortgage Investment Size

A summary of Company's mortgage portfolio by size is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	$ Amount	% of Portfolio
$0-$2,500,000	1	2,489	18.7%	-	-	-
$2,500,001 - $5,000,000	-	-	-	1	2,569	15.8%
$5,000,001 - $7,500,000	-	-	-	-	-	-
$7,500,001 - $10,000,000	-	-	-	-	-	-
$10,000,000+	1	10,854	81.3%	1	13,666	84.2%
Total	2	$13,343	100.0%	2	$16,235	100.0%

The number of mortgages at December 31, 2020 remained consistent with the 2019 year-end.

Security

A summary of the Company's mortgage portfolio by priority of security is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	**$ Amount**	**% of Portfolio**
First	2	$13,343	100.0%	2	$16,235	100.0%

Loan-to-Value

A summary of the Company's mortgage portfolio by current LTV is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	**$ Amount**	**% of Portfolio**
34% or less	-	-	-	-	-	-
35-44%	-	-	-	-	-	-
45-54%	1	2,489	18.7%	1	2,569	15.8%
55-64%	-	-	-	-	-	-
65-70%	-	-	-	-	-	-
71-75%	-	-	-	-	-	-
75%+	1	10,854	81.3%	1	13,666	84.2%
Total	2	$13,343	100.0%	2	$16,235	100.0%

At December 31, 2020, the current weighted average LTV for the mortgage portfolio was 91.1% (December 31, 2019 – 92.5%). The weighted average LTV is predominantly higher due to one of the remaining loans having an LTV of close to 100%.

Maturity

A summary of the Company's mortgage portfolio by maturity date is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	**$ Amount**	**% of Portfolio**
2020	-	-	-	-	-	-
Beyond 2020	2	13,343	100.0%	2	16,235	100.0%
Total	2	$13,343	100.0%	2	$16,235	100.0%

None of the investments in the mortgage portfolio were past due at December 31, 2020 (December 31, 2019 – none).

Interest Rate

A summary of the Company's mortgage portfolio by interest rate is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	**$ Amount**	**% of Portfolio**
5.25% or less	1	$2,489	18.7%	1	$2,569	15.8%
5.26% - 5.50%	-	-	-	-	-	-
5.51% – 5.75%	-	-	-	-	-	-
5.76% – 6.00%	-	-	-	-	-	-
6.01% – 6.25%	-	-	-	-	-	-
6.26% - 6.50%	-	-	-	-	-	-
6.51% - 6.75%	-	-	-	-	-	-
6.75%+	1	10,854	81.3%	1	13,666	84.2%
Total	2	$13,343	100.0%	2	$16,235	100.0%

The weighted average interest rate at December 31, 2020 was 7.05% (December 31, 2019 – 7.27%). The average rate has remained relatively consistent throughout the period. There has been a slight decrease due to the $3.9 million paydown received in one of the two mortgages.

Geographic Diversification

A summary of the Company's mortgage portfolio by province is presented below:

($000s unless otherwise noted)	December 31, 2020			December 31, 2019		
	Number	**$ Amount**	**% of Portfolio**	**Number**	**$ Amount**	**% of Portfolio**
Alberta	1	$10,854	81.3%	1	$13,666	84.2%
Ontario	1	2,489	18.7%	1	2,569	15.8%
Total	2	$13,343	100.0%	2	$16,235	100.0%

The mortgage portfolio inevitably shows increased geographic concentration as a result of the Orderly wind up. At December 31, 2020 the remaining mortgages were in Alberta and Ontario.

The Company's Alberta investment is a residential property at an interest rate of 7.69%. The mortgage has previously been in default and is shared with an external loan-sharing partner. In the first quarter of 2018, the borrower requested a new 3-year loan agreement with a pay down of $1.0 million. Management approached the loan-sharing partner which still holds the senior portion of the loan and requested their input regarding a potential renewal. A new term for 31 months was agreed to between the parties. The borrower made the requested $1.0 million pay down on June 1, 2018 and December 1, 2018 and agreed to make additional payments of $0.5 million every six months thereafter until December 1, 2020 when payment in full was due. The borrower has met all its' required payment obligations in 2018 and 2019. On November 21, 2020 a renewal (the "Fifth Renewal") was signed effective November 1, 2020 to December 1, 2022. Principal monthly payments of $125,000 per month shall be paid by the Borrowers to the loan-sharing partner which still holds the senior position, with first and last payment due on December 1, 2020 and November 1, 2022, respectively. In addition to the monthly payments described above, the Borrowers shall make two annual principal payments of $4,884,965.36 on December 1, 2020 and December 1, 2021 to the Company and other participants in the mortgage that are pari passu to the senior position loan sharing partner. The Company's entitlement of the annual principal payment is $3,893,266. The payment on December 1, 2020 was received.

Due to the decreased risk from the renewal effective November 1, 2020 and the principle payments received, management reassessed the cash flows expected from the borrower and the obligations to the loan sharing partner and has determined an increase to the fair value of $2.8 million is appropriate. The cumulative provision at December 31, 2020 is $0.7 million.

Results from Operations

($000s unless otherwise noted)	Three months ended December 31		Year ended December 31		
	2020	**2019**	**2020**	**2019**	**2018**
Revenue	$279	$341	$1,242	$1,379	$1,228
Expenses	(80)	268	(19)	(65)	(624)
Income (loss) from operations	359	609	1,261	1,314	604
Fair value gain (loss) adjustment on investments in mortgages	4,084	(1,800)	2,785	(1,800)	-
Net and comprehensive income (loss)	4,443	(1,191)	4,046	(486)	604
Earnings per share (basic and diluted)	$0.61	$(0.16)	$0.55	$(0.07)	$0.08

Revenue

For the three months and year ended December 31, 2020, revenue decreased by $62 thousand and $137 thousand compared to the same periods in 2019. The decrease in interest income was attributable to a decrease in the value of the mortgage portfolio caused by a principle repayment of $3.9 million on one of the two remaining mortgages.

Expenses

Expenses are comprised of four major items: (i) management fees, (ii) incentive fees (iii) general and administrative costs, and (iv) fair value adjustments on investment in mortgages.

($000s unless otherwise noted)	Three months ended December 31		Year ended December 31		
	2020	**2019**	**2020**	**2019**	**2018**
Management fees	$236	$56	$387	$222	$215
Incentive fees	(452)	(360)	(712)	(360)	43
General and administration	136	36	306	203	366
Fair value adjustment on investments in mortgages	4,084	1,800	2,785	1,800	-
Total	$4,004	$1,532	$2,766	$1,865	$624

Management Fees

Management fees are calculated at 85 bps of gross assets, excluding mortgage syndications, and are paid monthly in arrears.

An additional separation fee was paid to the Company as outlined in the "Separation and Mutual Release" agreement. For the three months and year ended December 31, 2020, excluding the separation fee, management fees remained relatively consistent with the prior periods. Pursuant to the new "Separation and Mutual Release" agreement excluding accrued management fees the Manager is not entitled to be paid any fees including incentive fees.

Incentive Fees

Pursuant to the new "Separation and Mutual Release" agreement, dated November 23rd 2020, excluding accrued management fees the Manager is not entitled to be paid any fees including incentive fees.

Incentive fees were introduced during the second quarter of 2016 in line with the Orderly Wind-Up Plan and are calculated as the greater of:

(i) 20% of the amount by which the sum of:

(A) The aggregate Realized Proceeds: and

(B) The Company's Unrestricted Cash as at April 30, 2016

Exceeds $65,549,596; and

(ii) $300,000.

At December 31, 2020 the estimated remaining amount of the incentive fee obligation is nil, a reduction of $0.7 million, $231 thousand has been realized and paid to date.

General and Administrative

General administration costs are comprised of public company costs, Board of Directors fees, and professional fees relating to legal, tax and audit.

For the three months and year ended December 31, 2020, the general and administrative expenses increased by $100 thousand and $103 thousand compared to the same periods in 2019. The increase is attributable to $100 thousand in additional legal expenses incurred during the year with regards to the Orderly Wind-Up Plan and legal counsel throughout the year for the change in management.

Fair Value Adjustments on Investments in Mortgages

A fair value adjustment on investments in mortgages represents an adjustment to the carrying value of mortgage investments to reflect management's view of the investments' fair value.

For the year ended December 31, 2020, fair value adjustments on investment in mortgages were $2.8 million relating to the mortgage in Alberta, previously described.

Financial Condition

Liquidity and Capital Resources

The liquidity needs of the Company arise from working capital requirements, dividends to shareholders and the Company's purchases of its Class A shares under the normal course issuer bid ("NCIB") and Orderly Wind-Up Plan.

Cash flows from the Company's mortgage investments and cash-on-hand represent the primary sources of liquidity. Cash flow from operations is dependent upon interest payments and principal repayments from borrowers.

As a result of the Orderly Wind-Up Plan, the Company's objective shifted away from maintaining its status as a going concern and generating returns to focus on monetization of its current asset base. It ceased originating new loans and all mortgage renewal activity, subject to contractual rights, and its assets are being monetized over time. The Orderly Wind-Up Plan was implemented and capital is being returned to shareholders under the supervision of the Board of Directors. The Company's primary objective with respect to capital management is to ensure sufficient cash resources to maintain operations and facilitate the Orderly Wind-Up process. The Company is not subject to externally imposed capital requirements.

There are two mortgages remaining within the Company, therefore limited interest and principal repayments are expected until the mortgages mature. One of the remaining mortgages is shared with an external senior loan-sharing partner.

Shareholders' Equity

Common Shares

The previous NCIB announced on May 9, 2016, which was subsequently approved by the Toronto Stock Exchange ("TSX") on May 18, 2016, expired on May 18, 2017 and 92,401 shares were purchased in the period.

A second NCIB was approved by the Toronto Stock Exchange ("TSX") on May 17, 2017 and expired on May 17, 2018. Under this NCIB, the Company purchased 167,520 shares up to December 31, 2017 and nil in 2018.

For the three months and year ended December 31, 2020, no Class A shares were purchased by the Company. As at December 31, 2020, the Company had 7,318,067 common shares outstanding (December 31, 2019 – 7,318,607).

Dividends

Monthly distributions were discontinued in December 2017. The monthly distributions have constituted returns of capital since the distribution paid on August 15, 2016. There were $8,489 million in special distributions paid year to date in 2020 (December 31, 2019 - nil).

Normal Course Issuer Bid

The Company commenced an NCIB on August 13, 2020. The NCIB will expire on August 12, 2021 or such earlier date as the Company completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternative trading systems in Canada at market prices prevailing at the time of purchase. In accordance with TSX rules, any daily repurchases will be limited to a maximum of 1,000 Shares, based on the average daily trading volume of the Company's Shares on the TSX for the six months ended July 31, 2020 (being 3,258 Shares). Any Shares purchased by the Company will be cancelled.

In connection with the NCIB, the Company entered into an automatic purchase plan with its broker on August 13, 2020 to allow for the purchase of Shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise, in accordance with applicable Canadian securities laws.

The Company purchased nil Class A shares for the year ended December 31, 2020 (December 31, 2019 - nil).

Statement of Cash Flows

The statement of cash flows for the three and year ended December 31, 2020 are as follows:

($000s unless otherwise noted)	Three months ended December 31		Year ended December 31		
	2020	**2019**	**2020**	**2019**	**2018**
Net change in cash related to					
Operating	$(381)	$(84)	$(546)	$(83)	$(293)
Financing	(6,001)	-	(8,489)	-	19
Investing	3,914	20	3,974	77	6,896
Increase (decrease) in cash	$(2,468)	$(64)	$(5,061)	$(6)	$6,622

[1] Amount less than $500

Cash flow used in operations for the three months and year ended December 31, 2020 increased by $297 thousand and $463 thousand compared to the same periods in 2019. The increase in the year was primarily the result of reduced operating activity resulting from the Orderly Wind Up Plan offset by a cancellation in the incentive fee, the result of Separation and Mutual Release Agreement.

Cash flow from financing and investing activities decreased by $8.5 million thousand and $3.9 million respectively compared to the same year to date periods in 2019. The decrease is primarily due to $8.5 million in special distributions paid year to date in 2020 and the principal repayment of $3.9 million on one of the two remaining mortgages.

Quarterly Financial Information

The following is a quarterly summary of the Company's results for the eight most recently completed quarters:

($000s unless otherwise noted)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Average mortgage portfolio (in $millions)	$13.3	$16.9	$16.7	$16.4	$16.2	$15.9	$15.6	$15.4
Revenue	279	303	325	335	341	338	344	356
Expenses	(80)	(108)	(119)	166	268	(125)	(112)	(95)
Income gain (loss) from operations	359	195	206	501	609	213	232	261
Fair value provision	4,084	(-)	(-)	(1,300)	(1,800)	(-)	(-)	(-)
Net income (loss) and comprehensive income	4,443	195	206	(799)	(1,191)	213	232	261
Earnings per share (basic and diluted)	$0.61	$0.03	$0.03	$(0.11)	$(0.16)	$0.03	$0.03	$0.04

Related Party Transactions

Manager

The Company was managed by Trez Capital Fund Management LP (the "Manager"), a related party by virtue of common management. Pursuant to the Management Agreement dated May 25, 2012, (amended November 30, 2013 and May 6, 2016) the Manager was entitled to a fee of 85 bps per annum of the gross assets of the Company (the "Management Fee"), plus applicable taxes, calculated monthly and paid monthly in arrears. Pursuant to the amendments, the Manager was providing full asset management services necessary to support the Orderly Wind-Up Plan. The Manager had waived its rights, if any, to early termination fees, in exchange for an incentive fee. During the three months and year ended December 31, 2020, the Company incurred management fees of $236 thousand and $387 thousand (December 31, 2019 - $56 thousand and $222 thousand). At December 31, 2020, $12 thousand of these fees were outstanding.

Pursuant to the new "Separation and Mutual Release" agreement excluding accrued management fees the Manager is not entitled to be paid any fees including incentive fees and early termination fees.

Other Related Party Transactions

All related party transactions are measured at 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 Computershare Canada, (the "Custodian"), on behalf of the beneficial owners of the mortgages. In addition, certain Mortgage Broker duties are performed by the Mortgage Broker. The Manager and the Mortgage Broker are related to the Company through common management.

Critical Accounting Estimates

The preparation of financial statements requires management 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 management is required to make relate to the fair value of the investments in mortgages.

The estimate of fair value of the investments in mortgages include significant assumptions regarding the market discount rates used to discount the expected future cash flows from the investments in 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. By their nature, estimates of fair value 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.

Risks and Uncertainties

The risks associated with investing in the Company are as disclosed in the Company's Annual Information Form dated March 30, 2020 and filed on SEDAR at www.sedar.com. There are additional risks associated with the Orderly Wind-Up Plan which are disclosed in the Company's Management Information Circular dated May 1, 2016.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52‐109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52‐109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company has adopted the Internal Control – Integrated Framework (published 1992, amended 2013) published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the three months ended December 31, 2020.

As required by NI 52‐109, the Company's CEO and CFO have evaluated the design of the Company's DC&P and ICFR. Based on such evaluations, they have concluded that the Company's DC&P and ICFR, as applicable, are adequately designed, as at December 31, 2020. No changes were made in the Company's design of ICFR during the year ended December 31, 2020, that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.