Investment Update — First Quarter 2021

trezcapital.com

A Letter from Trez Capital's Chief Operating Officer

In the first quarter of 2021, we saw encouraging signs in North America of burgeoning recovery from the pandemic. This came from the acceleration of vaccine distributions, global economic policies remaining generally supportive of capital markets and a relatively optimistic market outlook. That said, reports of virus variants spreading in certain parts of Canada and the world means that there needs to be continued vigilance in monitoring infection rates and observing physical distancing protocols, at least in the near future. Furthermore, many economists and analysts have raised concerns about inflation. A combination of financial stimulus, low interest rates, and a potential future spike in growth and spending may result in some overheating of major economies and a decrease in real spending power.

Still, concerns that the economy might grow too fast is a welcome change from where we were at the start of the pandemic, and shows how much progress we've made over the last 12 months. Recent signs of economic improvement include credit markets opening up on both sides of the border, providing increased market confidence and liquidity. Since the beginning of 2021, our team continues to see high-quality financing opportunities that meet our risk criteria and strong momentum in our origination pipeline, which continues to trend towards pre-pandemic levels. Real estate markets continue to hold strong in the geographic areas that we lend into and we are excited about our prospects for this year.

Ensuring robust, sustainable yields in dynamic markets

The opening up of credit markets, growing investor confidence and increasing market liquidity are positive signs for the economy as a whole. But they can also pose headwinds to private lenders, like Trez Capital, in the form of increased competition in the lending market, especially the residential market where Trez Capital has focused its investments. In particular, as we headed into early 2021, we saw intensifying competition among lenders, which placed downward pressure on credit spreads. This combined with low short-term rates has driven yields lower. When we look at our pipeline, we are seeing sustained lower interest rates on new investments in the near term.

We have always stated that we will never stretch for yield at the expense of unnecessary risk. As the factors that affect yield exert influence on each other, Trez Capital will continue to adjust to the market in order to provide stability to our investors.

A focus on risk management, liquidity, stability

Our loan portfolios overall have remained strong throughout the pandemic. We entered 2020 positioned in carefully selected investments that would be resilient to economic disruption, a decision that continues to benefit our investors. Our diversified portfolios of mortgages in both Canada and the U.S. have continued to generate value for our investors. Residential markets have been relatively stable during recent bouts of economic uncertainty, and are poised for future gains should immigration and travel increase as pandemic conditions subside. We continue to find loan opportunities that meet our investment criteria in both single- and multi-family residential properties, especially in the affordable and middle-market spaces. We are watching other asset classes carefully and we will also continue to pursue lending opportunities with strong merits, specifically industrial.

Further economic rebounds should be supported by increased vaccine access worldwide, strong fiscal stimulus and monetary support, and the prospect of stronger trade with a rebounding U.S. economy. As restrictions ease, a more balanced recovery should help to close the gap in the non-residential commercial real estate market performance.

Our rigorous, results-oriented and risk-managed approach has served our investors well through some of the most trying times in recent history. We continue to apply our disciplined loan selection process when investing in tomorrow's opportunities, and I wish to thank all our investors for their continued support and trust.

Sincerely,

Dean Kirkham
Chief Operating Officer

TREZ CAPITAL

Trez Capital
Temporarily Halts Investments

As at March 1, 2021, Trez Capital proceeded to halt investments into its open-ended funds for all investors. This was done in order to deploy capital into investments and therefore alleviate the mismatch in fundings. Trez Capital has enjoyed significant capital inflows in the previous months. Equally, our loan originations have been robust since we began lending again in the early fall. However, given that loans are typically funded over time, in accordance with project milestones, it was prudent to halt the acceptance of new capital in order to prudently and efficiently deploy investor's capital. We anticipate re-opening the funds to new investments on June 1, 2021.

Trez Capital
Continuing to Build a Winning Team

Trez Capital draws on a diversity of skills, specializations and backgrounds to consolidate our standing in the market. We are very proud of all of the people on our high-performing team. Significant personnel changes surrounding the first quarter of 2021 include:

Dean Kirkham named as Chief Operating Officer, previously Chief Credit Risk Officer
John Maragliano named as Chief Financial Officer
Christian Skogen named as Chief Risk Officer
Caperton Putt named as Managing Director, Origination, Atlanta

OVER
$3.9B*
ASSETS UNDER MANAGEMENT

ORIGINATED
1500+
LOANS

OVER
$12.5B
IN LOANS FUNDED SINCE INCEPTION

* Estimated as at March 31, 2021.

Feature Project:
Edge & Stone Apartments, Texas
A Trez Capital Equity Joint Venture Investment

Trez Capital is proud of the successful completion and sale of the **Edge & Stone Apartments** joint venture development project.

With over 20 years of equity investment experience, Trez Capital is excited to offer clients the opportunity to safely invest beside us in development projects, while maintain the security they have come to expect in our fund offerings (five successful real estate equity funds: Trez Opportunity Funds – TOF).

We select our partners in development carefully to ensure compatibility. Our partnerships include some of North America's most trusted names in development. Projects are in urban centres across Canada and the United States, which show increasing demand and long-term sustainability.

To learn more please contact sales@trezcapital.com

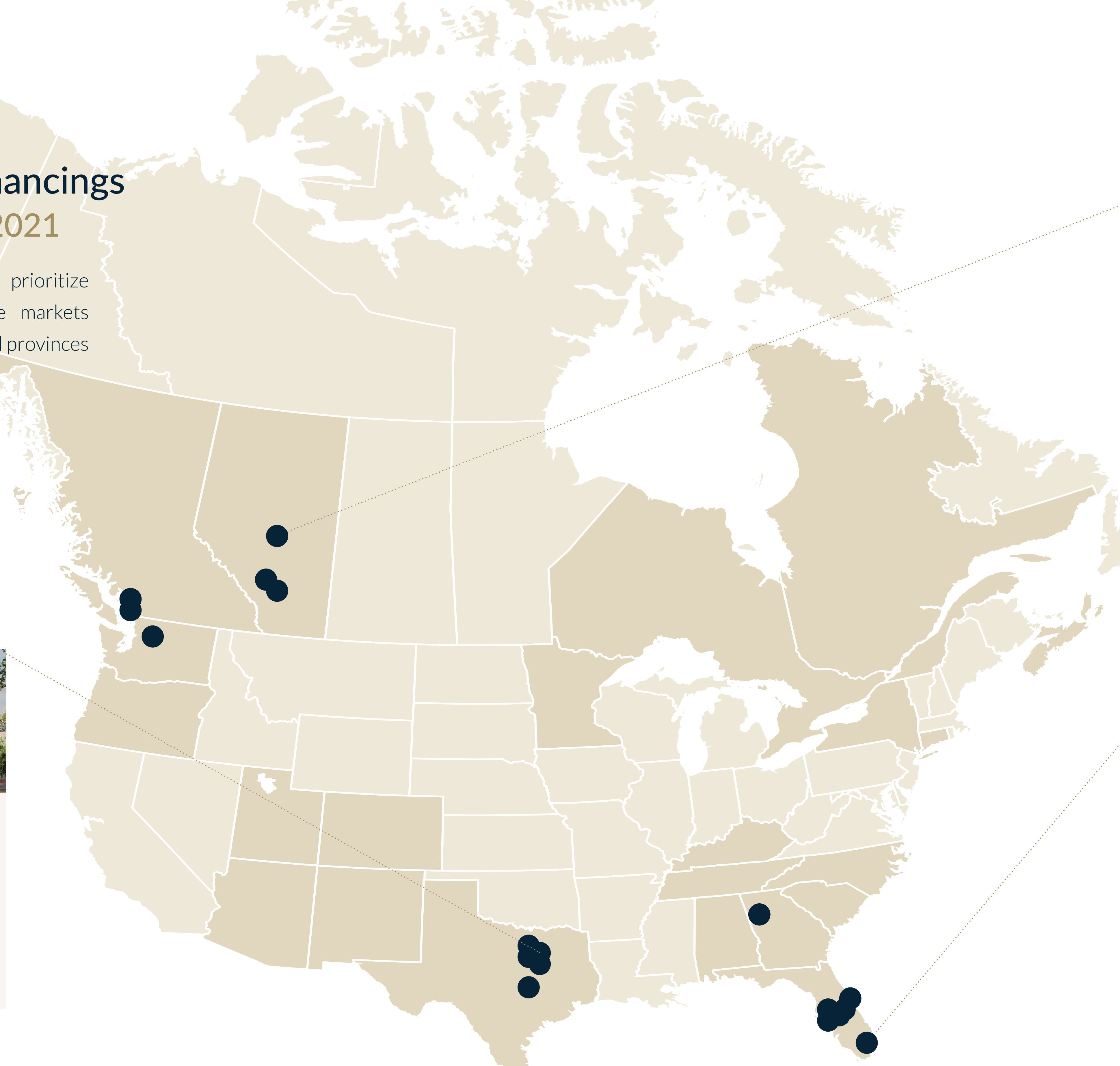
Edge & Stone Apartments is an example of our established and growing equity investment platform. This partnership delivered a new class 'A' 335-unit garden-style rental apartment complex in San Antonio, complete with resort-styled amenities. Numerous factors were considered before participation in this project including location, market positioning, demand drivers such as regional job and population growth, and a best-in-class development partner. This project's highly sought-after Texan suburban sub-market is defined by high incomes, high home prices and close proximity to professional offices. This project has filled the need for high quality rental housing in this market.

Location:	San Antonio, Texas
Start Date:	December 2017
Completion Date:	February 2021
Investor Pre-Tax IRR:	20%

Trez Capital Financings

As at March 31, 2021

Trez Capital continued to prioritize high-growth and affordable markets across a number of states and provinces in the first quarter of 2021.



TEXAS

Construction loan for the development of a luxury 18-unit complex including ground floor retail and second floor office space.

Amount	$50,400,000 USD
Property Type	Mixed-Use
Location	Dallas
Lien	1st Mortgage

ALBERTA

Acquisition loan for 102,725 sq. ft. industrial building that is 100% pre-leased on a 15-year term.

Amount	$11,450,000 CAD
Property Type	Commericial
Location	Edmonton
Lien	1st Mortgage

FLORIDA

Construction loan for a 19-story, mixed use rental project with 273 residential unites and 20,779 rentable sq. ft. commercial space; including two sets of Class A amenities.

Amount	$70,000,000 USD
Property Type	Mixed Use
Location	Hollywood
Lien	1st Mortgage

● 2021 transactions to-date

TREZ CAPITAL PRIME TRUST

A conservative short-term commercial mortgage strategy

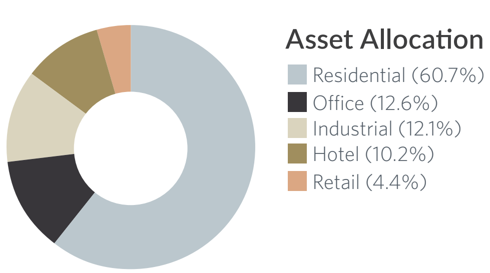
Total Fund Assets	$387,610,206 CAD
Average Mortgage Size	$4,774,991 CAD
Average Loan to Value	53.9%
Average Term-to-Maturity (Months)	9.3
Percent of First Mortgages	100%

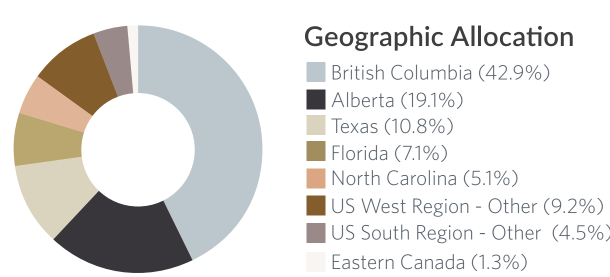
The strong velocity in paydown activity continued through the first quarter of the year as Trez Capital Prime Trust ("Trust") continued to see robust inflows from the loan portfolio. Of note was the payoff of a first mortgage financing on a 127-unit single-family for rent development in Phoenix, Arizona, which generated over $21 million in proceeds to the Trust. Activity in the credit markets allowed borrowers to continue to seek attractive refinancing options as projects reached completion.

New notable transactions in the quarter included a senior position in a first mortgage financing of a 100% pre-leased industrial building in Edmonton, Alberta as well as a senior position in a first mortgage financing of the development of 57 townhome lots and 51 single-family lots in Kissimmee, Florida. This lot development financing represents the expansion of Trez Capital's lot development financing footprint with the addition of a new relationship with a well-known developer in the Central Florida market. Financing opportunities continue to build in both the Canadian and U.S. markets with financing activity anticipated to accelerate to the end of the year.

As of quarter end, the Trust had four challenged assets totalling approximately 13.5% of unitholder capital. The Manager believes the value of the underlying collateral on the loans is sufficient and will not result in losses. All other investments were performing as at March 31, 2021.

During the quarter ended March 31, 2021, the Trust complied with all investment objectives and restrictions set out in the Offering Memorandum dated April 30, 2020.





TREZ CAPITAL YIELD TRUST

A diversified, balanced short-term commercial mortgage strategy

Total Fund Assets	$1,218,383,499 CAD
Average Mortgage Size	$6,351,404 CAD
Average Loan to Value	72.3%
Average Term-to-Maturity (Months)	11.5
Percent of First Mortgages	74.8%

Trez Capital Yield Trust ("Trust") overall portfolio composition continued to remain well balanced in the first quarter. A notable change was an increase to the office asset exposure (+5.6%) driven by a first mortgage bridge financing on an 83% leased Class A suburban office building in Richmond, B.C. The financing will allow the borrower to redevelop the remaining vacant space into smaller units, which will appeal to the medium-sized business tenant market and allow for lease-up at a higher rental rate. This is a selective office financing opportunity to a strong borrower with proven ability to execute on their business plan.

Overall, new financing activity gained momentum with financings closed on a mix of different asset classes to properties located in British Columbia, Alberta and Florida. Opportunities continue to build, with a year of robust new loan activity expected ahead. Loan payoff activity also remained high, with continued refinancing activity driven by the strength of the credit markets and demand for single-family homes fueling paydowns across the lot development portfolio.

The Trust had seven challenged investments totaling 5.1% of unitholder capital at the end of the quarter. Subsequent to quarter end, one of the loans was repaid, reducing the challenged investments to 4.5% of unitholder capital. The Manager believes the value of the underlying collateral on the loans is sufficient and will not result in losses.

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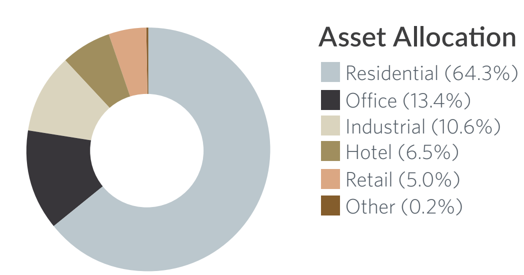
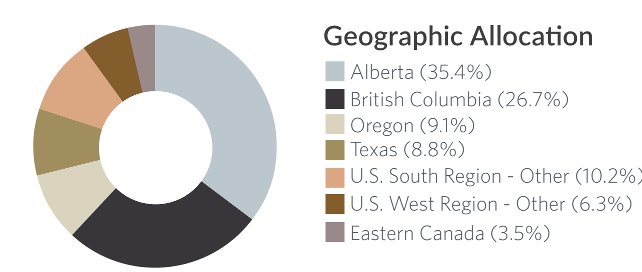




TREZ CAPITAL
YIELD TRUST U.S. (CAD)

An opportunistic, short-term commercial financing strategy denominated in CAD focused on U.S. markets

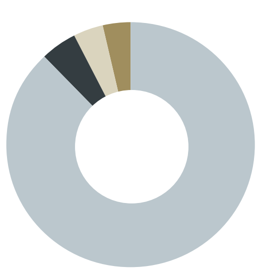
Total Fund Assets	$935,570,315 CAD
Average Mortgage Size	$4,519,627 CAD
Average Loan to Value	71.0%
Average Term-to-Maturity (Months)	12.7
Percent of First Mortgages	88.8%

Trez Capital Yield Trust U.S. (CAD) ("Trust") continued to be primarily weighted in residential lot development loans (56.7%) with multi-family residential exposure at 30.5%. Homebuilders continued to be very active on lot closings as demand for new homes remained robust during the first quarter and was a significant source of payoffs on the loan portfolio.

New financing activity in the Trust was focused on residential assets with new closings on apartment and condo construction loans as well as lot development financings. Two new financings in the quarter included a first mortgage loan for the development of 143 single-family lots within a submarket of Austin, Texas and a first mortgage for the development of a 273-unit rental building including commercial space in Hollywood, Florida. New financing activity included a mix of new and repeat borrowers. A strong pipeline of opportunities in both the single-family lot development and multi-family residential space continues to build for the Trust.

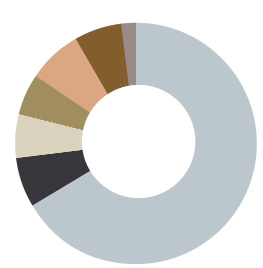
As of quarter end, the Trust had two challenged loans, which accounted for 1.7% of unitholder capital. Subsequent to quarter end, one of the challenged loans was paid off reducing challenged investments to 0.1% of unitholder capital. The Manager believes the value of the underlying collateral on the loan is sufficient and will not result in losses.

During the quarter ended March 31, 2021, the Trust complied with all investment objectives and restrictions set out in the Offering Memorandum dated April 30, 2020.



Asset Allocation

- Residential (88.0%)
- Office (4.7%)
- Retail (3.9%)
- Other (3.4%)



Geographic Allocation

- Texas (66.6%)
- Florida (6.5%)
- Washington (5.8%)
- South Carolina (5.7%)
- U.S. West Region - Other (7.3%)
- U.S. South Region - Other (6.2%)
- U.S. Midwest Region - Other (1.9%)

TREZ CAPITAL
YIELD TRUST U.S. (USD)

An opportunistic, short-term commercial financing strategy denominated in USD focused on U.S. markets

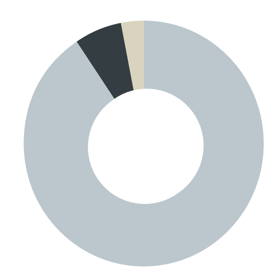
Total Fund Assets	$162,371,005 USD
Average Mortgage Size	$1,563,863 USD
Average Loan to Value	70.8%
Average Term-to-Maturity (Months)	11.7
Percent of First Mortgages	88.2%

Trez Capital Yield Trust U.S. ("Trust") continued to be primarily weighted in residential lot development loans (49.5%) with multi-family residential exposure up to 38.1% of the total asset composition. Texas remained the leading area of focus at over 44% with the Pacific Northwest accounting for over 20% of the total asset composition.

Notable new financing activity in the quarter included a first mortgage for the development of a 273-unit rental building including commercial space in Hollywood, Florida and a first mortgage on an 18-unit condo development with a retail and office component in Dallas, Texas. These opportunities are reflective of our continued appetite for multi-residential products in key growth markets. On the other hand, paydown activity in the quarter was primarily driven by continued lot takedown activity across the residential lot development portfolio.

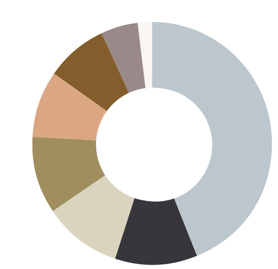
At the end of the quarter, the Trust had two challenged assets, which accounted for 3.4% of unitholder capital. One challenged loan was subsequently repaid in April, which reduced the challenged assets to 0.4% of unitholder capital. The Manager believes the value of the underlying collateral on the loan is sufficient and will not result in losses.

During the quarter ended March 31, 2021, the Trust complied with all investment objectives and restrictions set out in the Offering Memorandum dated April 30, 2020.



Asset Allocation

- Residential (90.7%)
- Retail (6.3%)
- Office (3.0%)



Geographic Allocation

- Texas (44.1%)
- Washington (11.1%)
- Florida (10.4%)
- North Carolina (10.4%)
- Oregon(8.9%)
- U.S. South Region - Other (8.3%)
- U.S. West Region - Other (5.1%)
- U.S. Midwest Region - Other (1.7%)

Economic Update —
First Quarter 2021

Canadian Economy and Real Estate Market

A strong labor market report in March renewed optimism for a strong rebound this summer, as the provinces eased lockdowns and restrictions. March employment increased by a better-than-expected 330,000 positions, bringing total payrolls to within 1.5% of their pre-pandemic peak, and the unemployment rate down to 7.5%, the lowest level since February 2020. The rebound may be supported by a number of positive trends, such as health improvements, widespread access to vaccines, strong fiscal stimulus and monetary support, and the prospect of stronger trade with a rebounding U.S. economy. A more balanced recovery – especially for the sectors most negatively impacted by restrictions – may help to close the widening gap in commercial real estate market performance. In the first quarter of 2021, the national office vacancy rate rose to 14.6%, from 13.4% in the fourth quarter of 2020, as demand fell across the major metropolitan areas. Regional malls and power centres faced challenging leasing conditions. In contrast, the Industrial sector remained on a positive trajectory, as the national availability rate dropped to 2.9% in the first quarter of 2021 from 3.3% in the fourth quarter of 2020.

Canada's housing market continued to reach new heights over the first quarter. Home sales rose to a new seasonally adjusted record in February and year-over-year price increases – as measured by the Canadian Real Estate Association's HPI – were up by more than 17%. The uptick in prices reflected a growing imbalance between strong demand and limited supply. Supported by low mortgage rates, home buyers appeared to have moved up their purchases in response to the pandemic, while many potential sellers were reluctant to place their homes on the market. As a result, for-sale inventories reached a mere 1.8 months of supply at the current sales rate in February, the lowest on record. Such conditions are likely to persist over the near term, as inventories remain tight and the demand/supply balance gradually improves and economic conditions normalize.

U.S. Economy and Real Estate Market

Analysts are increasingly bullish on the U.S. economy's prospects and have forecasted real gross domestic product growth rates well above 5% for 2021. A number of positive factors have helped to reduce downside risks to growth. A rapid, successful vaccine rollout, combined with generous fiscal transfers and business support from the American Rescue Plan, will set the stage for consumers to spend more freely this spring and summer. As a result of consumers' accumulated savings and pent-up demand, businesses that have suffered greatly over the past year – including retail establishments, restaurants, travel and entertainment – may finally turn the corner toward more normal conditions.

The U.S. housing sector continued to reflect renewed optimism and contributed significantly to overall growth. Similar to Canada, the U.S. housing sector experienced strong sales and home price appreciation of 6% over the past year. The increase was driven by homebuyers who accelerated their purchasing decisions and opted for larger spaces to accommodate work-from-home arrangements. New home construction starts – which have been increasing at a constrained, measured pace since the Global Financial Crisis – failed to keep pace with demand, resulting in near record-low for-sale inventories. Housing demand is expected to remain strong in 2021, as income and employment expand, and the U.S. Federal Reserve Board pursues an accommodative monetary policy. Thirty-year fixed mortgage rates hovered near 3% near the end of the first quarter, boosting affordability for home buyers.

Commercial real estate sectors historically lag economic recoveries, which is reflected by preliminary first-quarter statistics from CBRE-EA that point to continued softness in key sectors, with national office vacancies rising 100 basis points ("bps") over the quarter to 16.0%. In contrast, the Industrial sector, which was boosted by e-commerce and supply chain reconfigurations, witnessed a 30 bps decline in availability, to 7.0%. CBRE expects broader improvement in commercial demand across most sectors by the second half of 2021.

Sources: Statistics Canada, Oxford Economics, CBRE, CREA, FHFA, Bureau of Census, Freddie Mac.

For further information, please contact: Investor Services
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Visit us at: www.trezcapital.com

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