READY CAPITAL MORTGAGE INVESTMENT TRUST
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Ready Capital Mortgage Investment Trust

Opinion

We have audited the consolidated financial statements of Ready Capital Mortgage Investment Trust (the "Trust"), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statement of comprehensive income and the consolidated statement of changes in net assets attributable to holders of redeemable units and consolidated statement of cash flows for the period from the date of trust inception on January 24, 2019 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section on our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 28, 2020

READY CAPITAL MORTGAGE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

ASSETS	
Current	
Mortgage loans receivable, notes 3 and 6	$ 10,834,200
Cash	875,386
Interest receivable	209,819
	$ 11,919,405
LIABILITIES	
Current	
Accounts payable and accrued liabilities, note 6	$ 125,439
Unearned revenue and other holdbacks	172,800
Distributions payable	106,358
Total liabilities before net assets attributable to holders of redeemable units	$ 404,597
Net assets attributable to redeemable Trust Unitholders	
Trust unitholders	$ 11,514,701
Non-controlling interest	107
	$ 11,514,808
Number of redeemable units outstanding, note 5	
Trust unitholders	115,146
Non-controlling interest	-
Net assets attributable to holders of redeemable units per unit	
Trust unitholders	$ 100.00
Non-controlling interest	-

Approved on behalf of the Trustees:

____, Trustee

____, Trustee

____, Trustee

See accompanying notes to the consolidated financial statements

READY CAPITAL MORTGAGE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 24, 2019 TO DECEMBER 31, 2019

		2019 (11 Months)
Revenue		
Interest for distribution purposes, note 6	$	585,389
Lender fee income		201,883
Redemption charges		7,919
		795,191
Expenses		
Commissions, note 6		120,773
Trustee management fees, note 6		117,654
Professional fees		83,256
Mortgage administrative fees		10,000
Bank charges		1,555
Marketing		463
		333,701
Expenses waived or absorbed by the trust manager, note 6		(29,689)
		304,012
Comprehensive income attributable to holders of redeemable units	$	491,179
Comprehensive income attributable to holders of redeemable units		
Trust unitholders	$	491,172
Non-controlling interest		7
	$	491,179
Comprehensive income attributable to holders of redeemable units per unit		
Trust unitholders	$	8.11
Non-controlling interest	$	-

See accompanying notes to the consolidated financial statements

READY CAPITAL MORTGAGE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE TRUST UNITHOLDERS FOR THE PERIOD FROM JANUARY 24, 2019 TO DECEMBER 31, 2019

December 31, 2019 (11 Months)	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Distributions	Proceeds from reinvestments	Redemptions of redeemable units	Comprehensive income attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
Trust unitholders	$ -	$ 11,875,300	$ (476,864)	$ 199,093	$ (574,000)	$ 491,172	$ 11,514,701
Non-controlling interest	-	100	-	-	-	7	107
	$ -	$ 11,875,400	$ (476,864)	$ 199,093	$ (574,000)	$ 491,179	$ 11,514,808

See accompanying notes to the consolidated financial statements

READY CAPITAL MORTGAGE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 24, 2019 TO DECEMBER 31, 2019

	2019 (11 Months)
Cash flows from operating activities	
Comprehensive income for the period	$ 491,179
Changes in non-cash working capital balances	
Increase in interest receivable	(209,819)
Increase in accounts payable and accrued liabilities	125,439
Increase in unearned revenue and other holdbacks	172,800
Increase in distributions payable	106,358
Cash flows provided from operating activities	685,957
Cash flows from investing activities	
Issuance of mortgage loans	(12,612,200)
Principal repayment of mortgage loans	1,778,000
Cash flow used in investing activities	(10,834,200)
Cash flows from financing activities	
Issuance of redeemable units	11,875,300
Redemption of redeemable units	(574,000)
General Partner's contribution to the Partnership	100
Distributions in cash	(277,771)
	11,023,629
Net increase in cash and cash equivalents	875,386
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 875,386
Supplemental information:	
Interest received	$ 375,570

See accompanying notes to the consolidated financial statements

1. THE TRUST

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

The Limited Partnership is a non-bank provider of mortgage loans and will make monthly cash distributions to the Trust and its trust unitholders from income of the Partnership. In the ordinary course of business the Trust will distribute all of the distributable cash calculated in accordance with its distribution policy. The principal place of business of the Trust is located at 4491 Highway 7, Unionville, Ontario L3R 1M1.

Christine Xu, Martin Reid and Ronald Cuadra are the trustees of the Trust. Rite Alliance Management Inc., (a company controlled by the trustees) is the Trust Manager of the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance with International Financial Reporting Standards

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

These consolidated financial statements were authorized to issue by the Trust Manager on March 28, 2020.

Basis of preparation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Principles of Consolidation

These consolidated financial statements include the accounts of the Trust and Ready Capital Mortgage Limited Partnership (the "Partnership"). The Trust owns 100% of the Class A LP units of the Partnership. The minority interest reflected in these consolidated financial statements represents the interest of the General Partner in the Limited Partnership. In accordance with the Limited Partnership agreement the General Partner is entitled to 0.001% of the Limited Partnership earnings. All inter-company accounts and transactions have been eliminated on consolidation.

Financial instruments

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

The Trust only measures debt instruments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

<u>Business model assessment:</u>

The Trust determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial instruments (Continued...)

The SPPI test:

As a second step of its classification process, the Trust assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In contrast, contractual terms that introduce more than a minimal exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Management has performed the business model assessment and SPPI test and concluded that the mortgages are financial assets carried at amortized cost.

IFRS 9 requires that an entity recognizes an allowance for expected credit losses on financial assets which are measured at amortized costs or FVOCI. Financial assets held by the Trust which are measured at FVTPL are not subject to the impairment requirements.

The Trust applies an expected credit loss ("ECL") model, where credit losses that are expected to transpire in future years irrespective of whether a loss event has occurred or not as at the statement of financial position date, are provided for. The Trust assesses and segments its loan portfolio into performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3) categories as at each statement of financial position date. Loans are categorized as under-performing if there has been a significant increase in credit risk. The Trust utilizes internal risk rating changes, delinquency and other identifiable risk factors to determine when there has been a significant increase or decrease in the credit risk of a loan. Indicators of a significant increase in credit risk include a recent degradation in internal partnership risk rating based on the Trust's custom behaviour credit scoring model, non-sufficient fund ("NSF") transactions, delinquency and adjustments to the loan's terms. Under-performing loans are recategorized to performing only if there is deemed to be a substantial decrease in credit risk. Loans are categorized as non-performing if there is objective evidence that such loans will likely charge-off in the future which the Trust has determined to be when loans are delinquent for greater than 30 days. For performing loans, the Trust is required to record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Trust is required to record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Financial instruments (Continued...)

The SPPI test: (Continued...)

The Trust does not provide any additional credit to borrowers who are delinquent. In order for additional credit to be advanced to a borrower, they must be current on their pre-existing loan and meet the Trust's credit and underwriting requirements. In limited situations, the Trust may amend the terms of a loan for customers that are current or are in arrears as a means to ensure the customer remains able to repay the loan.

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default is an estimate of the likelihood of default over a given time horizon;
- The exposure at default is an estimate of the exposure at a future default date;
- The loss given default is an estimate of the loss arising in the case where a default occurs at a given time; and
- Forward-looking indicators ("FLIs").

Ultimately, the ECL is calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and considers reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans. Forward-looking information is considered when determining significant increase in credit risk and measuring expected credit losses. Forward-looking macroeconomic factors are incorporated in the risk parameters as relevant. From an analysis of historical data, General Partner has identified and reflected in the Trust's ECL allowance those relevant FLIs variables that contribute to credit risk and losses within the Partnership's loan portfolio. Within the Trust's loan portfolio, the most highly correlated variable is real estate prices.

With respect to consolidated financial statements items classified as loans and receivable, the Trust considers both historical analysis and forward looking information in determining expected credit losses. As at the year end date, all loans and receivables are due to be settled within the short term. The Trust considers the probability of default and the capacity of counterparties to meet their contractual obligation in the near term.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial instruments (Continued...)

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recongized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Trust classified accounts payable and accrued liabilities, unearned revenue and other holdbacks and distributions payable as measured at amortized cost.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risk and rewards of the asset. The Trust assesses each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Cash

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Quantitative information on the impact on the Trust's statement of financial position if all amounts were set off is required.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial instruments (Continued...)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

Mortgage loan interest is recognized in the period in which it is earned if it is probable that the Trust will collect that interest.

Lender's fees are earned at the inception of the mortgage loan. Such fees are accounted for on the accrual basis.

Discharge fees are earned when the mortgagees repay the mortgage before the due date. Such fees are recorded on the accrual basis.

Redemption charges are earned when unitholders redeem their units prior to their holding period as specified in the Trust Offering Memorandum. Such fees are accounted for on the accrual basis.

Provisions

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

Valuation of redeemable units

The units of the Trust may be surrendered for redemption at any time but will be redeemed only on a Valuation Date and at no other time. Distributions to Unitholders may be paid by cheque or by issuance of additional Units. The Trust's units are therefore classified as financial liabilities. The Trust's units do not meet the criteria in IAS 32 for classification as equity. The net asset value per unit is determined as of the close of business, monthly. The determination is made by dividing the net assets attributable to holders of redeemable units ("Net Asset Value") of the Trust at that date by the total number of units outstanding.

Comprehensive income attributable to holders of redeemable units per unit

Comprehensive income attributable to holders of redeemable units per unit as disclosed in the statement of comprehensive income is calculated by dividing the comprehensive income attributable to holders of redeemable units by the average number of units outstanding during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Critical judgements and estimates

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the consolidated financial statements:

Allowance for credit losses

Expected credit losses method is applied in determining the allowance for credit losses on mortgage loans receivable. The key inputs in the measurement of ECL allowances, all of which are subject to accounting judgments, estimates and assumptions are discussed in, note 2.

Assessment as investment entity

The Trust Manager has concluded that the Trust meets the characteristics and the definition of an investment entity, in that it has more than one investment and is managed in accordance with the Trust's investment guidelines; the investments are predominantly in the form of mortgage loans. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

3. MORTGAGE LOANS RECEIVABLE

As of December 31, 2019, the details of the mortgage loans receivable are as follows:

Interest Rate	Terms	Maturity date	Type	Amortized cost
8.99%	12-month	November 1, 2020	Residential, 1st mortgage	$ 234,000
9.99%	6-month	May 1, 2020	Residential, 2nd mortgage	150,000
*9.99%	12-month	November 1, 2020	Residential, 2nd mortgage	700,000
10.50%	12-month	January 1, 2021	Residential, 2nd mortgage	174,000
10.99%	12-month	November 1, 2020	Residential, 1st mortgage	620,000
11.99%	12-month	December 1, 2020	Commerical, 2nd mortgage	50,000
11.99%	12-month	January 1, 2021	Residential, 2nd mortgage	330,000
12.00%	12-month	March 1, 2020	Residential, 2nd mortgage	510,000
12.00%	12-month	April 1, 2020	Residential, 2nd mortgage	585,000
12.00%	12-month	June 1, 2020	Residential, 1st mortgage	60,000
12.00%	12-month	June 1, 2020	Residential, 2nd mortgage	120,000
12.00%	12-month	July 1, 2020	Residential, 1st mortgage	350,000
12.00%	12-month	August 1, 2020	Residential, 2nd mortgage	230,000
12.00%	12-month	August 1, 2020	Residential, 2nd mortgage	49,500
12.00%	12-month	August 1, 2020	Residential, 2nd mortgage	260,000
12.00%	12-month	August 1, 2020	Residential, 2nd mortgage	55,000
12.00%	12-month	August 1, 2020	Residential, 2nd mortgage	510,000
12.00%	12-month	September 1, 2020	Residential, 2nd mortgage	750,000
12.00%	12-month	September 1, 2020	Residential, 2nd mortgage	65,000
12.00%	12-month	September 1, 2020	Residential, 2nd mortgage	80,000
12.00%	6-month	May 1, 2020	Residential, 2nd mortgage	120,000
12.00%	12-month	November 1, 2020	Residential, 2nd mortgage	87,700
12.00%	6-month	May 1, 2020	Residential, 1st mortgage	724,000
12.00%	12-month	November 1, 2020	Residential, 2nd mortgage	120,000
12.00%	12-month	November 1, 2020	Residential, 2nd mortgage	600,000
12.50%	12-month	April 1, 2020	Residential, 2nd mortgage	800,000
12.50%	12-month	October 1, 2020	Residential, 2nd mortgage	2,500,000
				$ 10,834,200

* - denotes related party transactions, see note 6

4. TRUST UNITHOLDERS ENTITLEMENTS

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

a) Ownership of assets

The pro rata share of the net assets attributable to holders of redeemable units of the Trust in the proportion that each Trust unitholder's capital bears to the aggregate Trust's capital.

b) Allocation of net income or loss

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

c) Distributions of income

On each distribution date, on or about the 10th day of each calendar month, distributable cash will be distributed first, as to 99.999% to the Trust unitholders in proportion to the number of units held by each Trust unitholder on the distribution record date immediately preceding date of such distribution; and second, as to 0.001% to the General Partner of Ready Capital Mortgage Limited Partnership to a maximum of $100 per annum.

d) Redemptions

Trust unitholders may redeem the units by tendering to the Trust the redemption notice specifying the Trust unitholders wishes to have the units redeemed by the Trust. Early redemption penalties may apply if the redemption notice is not delivered in the manner as required in the Trust Offering Memorandum

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

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

5. UNITS ISSUED AND OUTSTANDING

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

The unit transactions for the period ended December 31, 2019 are as follows:

Units outstanding, beginning of the period	-
Units issued during the period	120,898
Units redeemed during the period	(5,752)
Units outstanding, end of the period	115,146

6. RELATED PARTY TRANSACTIONS

Mortgage loans receivable includes a $700,000 mortgage loan issued to one of the Trustees. For the period ended December 31, 2019, interest income of $11,655 was earned from such mortgage loan receivable.

During the period ended December 31, 2019, fees paid to the Trust Manager were as follows:

	2019
Trust management fees	$ 117,654
Commissions	$ 59,377
Expenses waived and/or absorbed by Manager	$ (29,689)

Included in accrued expenses are amounts payable to the Trust Manager as follows:

	2019
Trust management fees payable	$ 62,244

6. RELATED PARTY TRANSACTIONS (Continued...)

The following are redeemable units held by the related party of the Trust:

	2019
Unit held by the Trust Manager	1.00
Percentage of Unit held by the Trust Manager	0.00 %

	2019
Units held by the Trustees	3,499.80
Percentage of units held by the Trustees	3.04 %

Trust management fees are measured at the consideration prescribed by the offering documents of the Trust. When related parties enter unitholder transactions with the Trust, the consideration is the transactional NAV available to all other unitholders on the trade date.

7. MINORITY INTEREST

The minority interest represents the interest of the Trust owned by the General Partner of Ready Capital Mortgage Limited Partnership. During the period ended December 31, 2019, the Trust allocated $7 of income to the minority interest owner and as of December 31, 2019 it has capital of $107 of the Trust.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

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

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

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

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

8. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

The Trust Manager has determined that cash amounting to $875,386 is and is classified as level 1 financial assets at fair value through profit or loss, and mortgage loans receivable amounting to $10,834,200 is classified as Level 2 financial assets at amortized cost.

The Trust's financial instruments consist of mortgage loans receivable, cash, interest and lender fee receivable, distributions payable, accounts payable and accrued liabilities and unearned revenue and other holdbacks. It is the Trust's opinion that due to the short term nature of these financial instruments, the Fund is not exposed to significant market price, currency, interest rate, liquidity, cash flow, credit, and portfolio concentration risks arising from these financial instruments except as described below. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The amortized cost of the mortgage loans receivable is determined by discounting future contractual cash flows under current financing arrangements at discount rates representing lending rates presently available to the Trust for loans with similar terms and maturity. The discount rates are provided by the Trust Manager.

i) Currency risk

The Trust may hold assets and liabilities that are denominated in currencies other than the Canadian dollar - its functional currency. Consequently, the Trust is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Trust's assets or liabilities denominated in currencies other than Canadian dollars, absent any changes in market price or investment specific events.

The Trust has no material exposure to currency risk as at December 31, 2019.

ii) Interest rate risk

The Trust may invest in fixed and floating rate securities and may provide mortgages at fixed or floating interest rates. The income of the Trust may be affected by changes to interest rates relevant to particular financial instruments or as a result of the Trust Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest financial instruments may be affected by interest rate movements or the expectation of such movement in the future. As at December 31, 2019, 94.1% of net assets owned are held in mortgage loans receivable and 7.6% of net assets owned are held in cash. The remaining portion of the Trust's net assets are substantially non-interest bearing financial instruments.

8. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

ii) Interest rate risk (Continued...)

As at December 31, 2019

Financial assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non-interest Bearing	Total
Mortgage loans receivable	$ -	$ 10,834,200	$ -	$ 10,834,200
Loans and receivables	-	-	209,819	209,819
Cash	875,386	-	-	875,386
	$ 875,386	$ 10,834,200	$ 209,819	$ 11,919,405
Financial liabilities				
Other financial liabilities	$ -	$ -	$ 404,597	$ 404,597
Net assets				$ 11,514,808

iii) Liquidity risk

Liquidity risk is the possibility that investments of the Trust cannot be readily converted into cash when required. The Trust may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Trust or the securities may be subject to legal or contractual restrictions on their resale. In addition, the Trust is exposed to monthly cash redemptions of redeemable units. The units of the Trust are redeemed on demand at the current net assets per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Trust's assets in investments that are traded in an active market and can be readily disposed. The Trust aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Trust is considered minimal.

8. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued...)

As at December 31, 2019

Financial assets	0 - 12 months	1 - 3 years	Total
Mortgage loans receivable	$ 10,330,200	$ 504,000	$ 10,834,200
Loans and receivables	209,819	-	209,819
Cash	875,386	-	875,386
Total	$ 11,415,405	$ 504,000	$ 11,919,405
Financial liabilities			
Other financial liabilities	$ 404,597	$ -	$ 404,597
Net assets			$ 11,514,808

iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. In the case of a floating rate debt instrument, such fluctuations will result from a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

v) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets which potentially expose the Trust to credit risk consist principally of mortgage loans receivable. The Trust seeks to mitigate its exposure to credit risk by performing credit reviews on borrowers on a regular basis.

As at December 31, 2019, the Trust had $10,834,200 representing 94.1% of the Trust's net assets in mortgage loans receivable. The Trust Manager has applies the expected credit loss model as detailed note 2 - financial instruments and has concluded that the mortgage loans receivable are classified under performing (stage 1) with no interest delinquency issues and principal and interest are due within 12 months. Therefore, $Nil has been provided for allowance for expected credit losses.

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

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is product type, industry sector or counterparty type. As at December 31, 2019, $10,834,200 representing 94.1% of the Trust's net assets in mortgage loans receivable.

9. CAPITAL MANAGEMENT

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

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

The Trust does not have any externally imposed capital requirements.

10. COMMITMENTS

a) The Trust is committed to pay the Mortgage Administrator a fee of $1,000 per month.

b) The Trust is committed to pay the Trust Manager a monthly fee equal to 1/12th of 2.0% (plus HST) of the amount of the mortgage loans receivable. The mortgage management fee may be subject to waiver or adjustment in accordance with the terms of the mortgage management agreement.

   The Trust has also committed to pay a performance fee equal to 20% of the aggregate net returns of the Trust in excess of 8% for the calendar year.

c) The Trust may pay a commission to securities dealers in connection with the unit subscriptions of up to 1% of the value of the securities purchased in the unit offering.

11. SUBSEQUENT EVENT

In early 2020 Covid 19 spread across the majority of nations in the world. As a result, financial markets worldwide have experienced significant volatility. It is unknown as to the long-term impacts of this outbreak on the financial markets and the magnitude of unpredictability in the short term. Accordingly the net assets values may fluctuate in excess of the risks described in note 8 at December 31, 2019