



BISON PRIME MORTGAGE FUND

A Lower Risk Mortgage Investment Vehicle



FUND DESCRIPTION

Managed by	Trez Capital Management Partnership
Asset Class	Mortgage Fund
Inception Date	January 2006
New Investments	Open
Minimum Investment	200 Units (\$2,000)
RRSP/RESP/RRIF /TFSA Eligible	Yes
Retraction Rights	Retractable on demand (with 30 days notice) subject to a declining retraction penalty of 5% (declining at a rate of 1% per anniversary of investment)

FUND OVERVIEW

	September 30, 2011
Gross Mortgage Loan Portfolio	\$17,300,254
Shared Mortgage Loan Portfolio	\$4,579,899
Allowance for Bad Debts	\$43,084
Total Mortgage Loan Portfolio	\$21,880,153
No. of Mortgage Investments	16
Average Mortgage Size (based on Gross Mortgage Loan Portfolio)	\$1,081,266
Total Fund Assets	\$21,385,998
Unitholders Equity	\$17,930,799
Average Loan-to-Value (LTV)*	70%

*LTV is based on initial underwriting or renewal, and is subject to variation during the terms of the loans.

DISTRIBUTION HISTORY

	2011	2010	2009
First Quarter	\$0.15	\$0.15	\$0.15
Second Quarter	\$0.15	\$0.15	\$0.15
Third Quarter	\$0.15	\$0.15	\$0.15
Fourth Quarter	-	\$0.15	\$0.15
Quarterly Distribution	\$0.45	\$0.60	\$0.60
Top-up*	-	\$0.04	\$0.19
Total Distribution	\$0.45	\$0.64	\$0.79

*Based on a weighted average return to Unitholders, this amount is an estimate of the average top up distribution paid. Those invested for less than a full one year period will receive a prorated allocation, and those invested in the dividend reinvestment plan will receive a slightly higher top up due to the effects of compounding.

A COMMENTARY ON RECENT MARKET TURMOIL

In recent months the condition of the world economy as a whole has become much more uncertain and volatile. A steady stream of poor economic statistics from the US, including an unprecedented credit rating downgrade by Standard & Poor's, coupled with more intense worries over sovereign debt in the Euro area has had a significant impact on investor confidence and growth forecasts. The stock market has been highly volatile, with the TSX down at the start of October by over 20% since 2011 highs in March. Stock and equities concerns drove investors to seek out safe havens with Gold the preferred choice of many. Gold, however, has proved in recent days that it is not immune to the volatility, hitting all time highs in early September before suffering record falls of over 13% by the end of that month.

At times of uncertainty and volatility we believe it is important to remind investors of the advantages of investing in a Trez Capital Mortgage Fund Investment:

- **Wealth preservation** - Because mortgages have a low correlation with traditional assets, they can help to preserve your wealth, especially given the volatility of stocks and bonds
- **Predictable income** - We distribute income quarterly, which you can reinvest to earn compounded returns
- **Inflation hedging** - Our mortgages are short term in nature (typically 12 to 24 months), which acts as a hedge against interest-rate risk and real estate market conditions
- **Security** - Unlike a bond or a bond fund, our mortgage investment funds are secured by real property. We diversify our portfolios across several markets, types of mortgages and properties
- **Higher yields** - Our mortgage investment funds have traditionally outperformed bonds and GICs over the long term

FUND COMMENTARY

Bison Prime Mortgage Fund ("Bison Prime") has been created for the purpose of preserving invested capital and generating a stream of income by investing in a portfolio of prime mortgages.

Quarter 3 Key Points:

- Bison Prime has achieved a 6% annualized return for the year to date
- All mortgage assets continue to perform with the exception of two, which the Manager classified as facing challenges. One had a provision of \$0.04 million while a provision was not deemed necessary for the other as a full recovery is expected
- Unitholder equity decreased 5.9% from \$19 million to \$17.9 million
- Total assets down 3.2% from \$22.1 million to \$21.4 million
- Total mortgages decreased from 21 to 16 with 5 full paydowns totaling \$4.6 million. In addition there were partial paydowns of \$1.7 million and partial funding of \$3.2 million
- Weighted average LTV increased from 66% to 70% due to some of the lowest LTV mortgages being paid out during the quarter
- Bison Prime held \$3.4 million in cash at quarter end, due to loan payouts in late September. This cash has now been reinvested

Bison Prime is well positioned in the market, with a mortgage portfolio on high quality properties in major Canadian cities. In light of a more uncertain economic outlook, the Manager has actively pursued and achieved a more conservative portfolio balance by reducing the leveraging to Equitable Trust Company from \$11.8 million to \$4.6 million during the quarter as loans have matured. Plans to merge to merge Bison Prime with the Bison II C2 Mortgage Fund have been put on hold.



Vancouver
1550 – 1185 West Georgia Street
Vancouver, BC V6E 4E6
T: 604.689.0821 F: 604.638.2775

Toronto
1404 – 401 Bay Street
Toronto, ON M5H 2Y4
T: 416.350.1224 F: 416.350.1268

For further information, please contact:
Investor Relations
E: Investor-Relations@TrezCapital.com
Visit us at: www.trezcapital.com



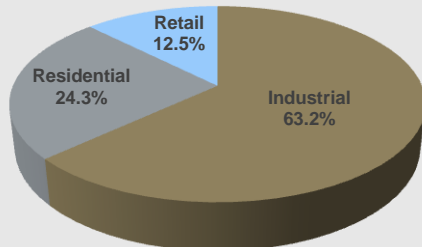
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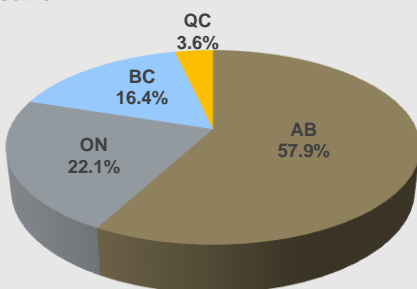
MORTGAGE INVESTMENT ALLOCATION

By Type



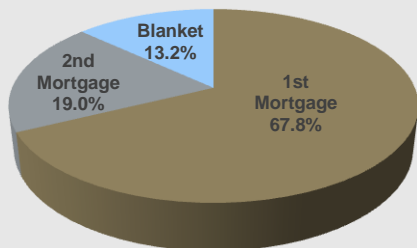
Type	Amount	%
Industrial	\$10,928,866	63.2%
Residential	\$4,207,182	24.3%
Retail	\$2,164,206	12.5%
Total	\$17,300,254	100.0%

By Location



Location	Amount	%
AB	\$10,016,064	57.9%
ON	\$2,845,393	16.4%
BC	\$3,823,012	22.1%
QC	\$615,785	3.6%
Total	\$17,300,254	100.0%

By Security



Security	Amount	%
1st Mortgage	\$11,727,043	67.8%
2nd Mortgage	\$3,292,162	19.0%
Blanket*	\$2,281,049	13.2%
Total	\$17,300,254	100.0%

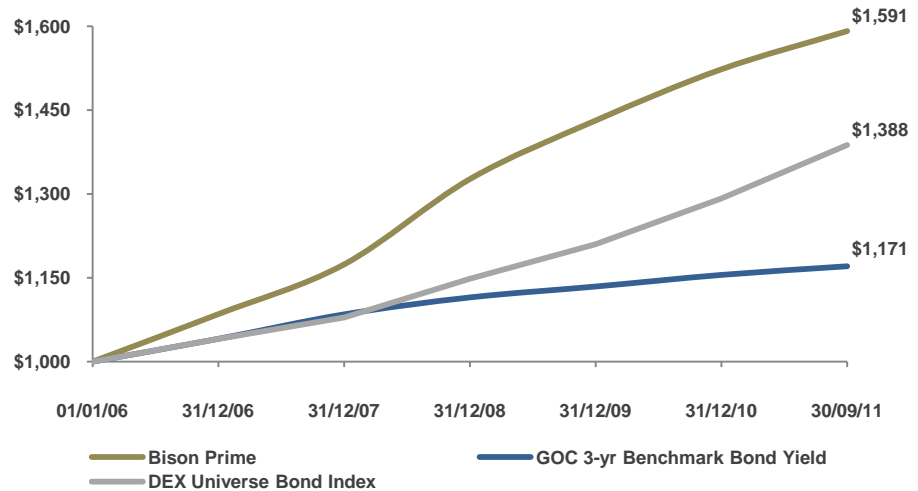
*A Blanket mortgage covers more than one piece of property.

PERFORMANCE

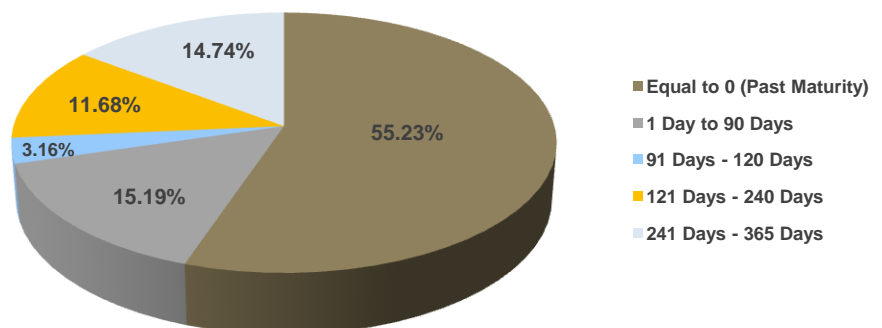
	YTD	Q3	2010	2009	2008	2007
Bison Prime	4.5%	1.5%	6.4%	7.9%	13.0%	8.2%
Fixed Income						
GoC 3-yr Benchmark Bond Yield*	1.3%	0.3%	1.8%	1.8%	2.8%	4.2%
DEX Universe Bond Index	7.4%	5.1%	6.7%	5.4%	6.4%	3.7%
Cash						
Inflation (Canada CPI)	2.7%	0.7%	2.4%	1.3%	1.2%	2.4%

Data sources: Bank of Canada, iShares Canada & Trez Capital Corporation
 * The GOC 3-year benchmark bond yield is the average yield over the stated period.

Comparative Investment Growth



Weighted Average Time to Maturity



Weighted average time to maturity of the gross mortgage portfolio is 71 days (2.3 months).



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