

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Corporation

TG Income Trust III (the "Trust")
1700 – 745 Thurlow Street
Vancouver, British Columbia V6E 0C5

Item 2. Date of Material Change

September 9, 2020

Item 3. News Release

A news release disclosing the material change was filed on SEDAR on September 9, 2020. A copy of the press release is attached hereto as Schedule A.

Item 4. Summary of Material Change

On September 9, 2020, the Trust announced that Trez Capital Fund Management Limited Partnership (the "**Manager**"), as manager of the Trust, has, after due consideration and consultation with its advisors, determined that it is in the best interests of the Trust and its unitholders to dissolve the Trust. The Trust will halt all investment activity and the Manager will focus on ensuring the investments of the Trust are converted into cash as soon as practicable.

Item 5. Full Description of Material Change

Please see news release attached hereto as Schedule A.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

N/A

Item 7. Omitted Information

N/A

Item 8. Executive Officer

For further information, please contact:

Alexander (Sandy) Manson
Chief Financial Officer
Trez Capital Fund Management (2011) Corporation
General Partner of Trez Capital Fund Management Limited Partnership, Manager of the Trust

Item 9. Date of Report

September 17, 2020

SCHEDULE A

Please see attached.

THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT AUTHORIZED FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

TG INCOME TRUST III

**1700-745 Thurlow Street, Vancouver, British Columbia, Canada V6E 0C5
Telephone (604) 689-0821**

TG INCOME TRUST III ANNOUNCES TERMINATION AND DISSOLUTION

VANCOUVER, BC, September 9, 2020 – TG Income Trust III (the "**Trust**") announced today that Trez Capital Fund Management Limited Partnership (the "**Manager**"), as manager of the Trust, has, after due consideration and consultation with its advisors, determined that it is in the best interests of the Trust and its unitholders to dissolve the Trust.

Effective immediately, the Trust will halt all investment activity and the Manager will focus on ensuring the investments of the Trust are converted into cash as soon as practicable. Given the illiquid nature of the Trust's mortgage portfolio, this process is anticipated to take up to 36 months based on the last investment maturity in the portfolio. The Manager will make all reasonable efforts to accelerate this timeline, if possible.

Each series of units, including those units that have already matured and will mature ("matured units") prior to the Trust being dissolved, will continue to be paid the fixed return associated with the respective series of units based on the units outstanding at the time in accordance with the regular quarterly distribution schedule. However, as the Trust will no longer be operating as an active investment trust, all capital distributions that are made from time to time during the dissolution period will be made *pro rata* based on all outstanding units, including "matured units", of the Trust, irrespective of their series, to ensure one series of unitholders is not treated preferentially over another. The Manager believes this is essential to ensure the fair and equitable treatment of all unitholders.

The Series B Units, which are all held by the Manager, will not receive any distribution of either income or capital unless and until all amounts owing to the Trust's creditors and any payments to the other unitholders, both in respect of their aggregate fixed return and redemption of their units have been paid in full. Accordingly, the Manager will not receive any balance of monies remaining in the Trust unless and until all amounts payable to other unitholders and all liabilities of the Trust are paid.

The Trust will make a *pro rata* capital distribution in the aggregate amount of approximately \$7 million to unitholders across all series of units on or about September 21, 2020 as the first capital distribution to unitholders in the termination and wind up process. The Manager will continue to monitor repayments and continue to make distributions of any available cash to unitholders on a *pro rata* basis until such time that the investment portfolio has been fully liquidated.

The Manager has scheduled a conference call for **September 11, 2020 at 1:00PM PT** to discuss this matter. Call in details are as follows:

Conference call numbers
Toronto: 416-764-8688
Vancouver: 778-383-7413
Toll Free: 1-888-390-0546

Unitholders are able to submit questions ahead of the call to investor-services@trezcapital.com under the heading "TGIT III Dissolution".

Additional information relating to the Trust, including its public filings, is available on SEDAR at www.sedar.com.

Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable securities legislation, which reflects the Trust's current expectations regarding future events. Forward-looking information is identified by the use of terms and phrases such as "will", "would" and similar terms and phrases. In particular, forward-looking statements in this news release include, but are not limited to, statements regarding the termination of the Trust, the Trust's conversion of its investments into cash, the anticipated length of the termination process, the expected distributions of the Trust and the expected date and amount of the first *pro rata* distribution to unitholders. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, that could cause actual results and events to differ materially from those that are disclosed in, or implied by, such forward-looking information. Such assumptions include, but are not limited to, the Manager's ability to convert all of the Trust's investments to cash and liquidate its mortgage portfolio, the Trust's ability to pay distributions of fixed return and capital distributions to unitholders, and the Trust's ability to pay all of its liabilities upon the dissolution of the Trust. Such risks and uncertainties include, but are not limited to, the illiquid nature of the Trust's mortgage portfolio and borrowers' inability to repay loans in the Trust's mortgage portfolio in accordance with their terms or at all. The forward-looking information contained herein is made as of the date of this news release and, except as expressly required by applicable law, the Trust assumes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

For further information please contact:

Alexander (Sandy) Manson
Chief Financial Officer
Trez Capital Fund Management (2011) Corporation
General Partner of Trez Capital Fund Management Limited Partnership, Manager of
the Trust