Q1 2019 REPORT TO INVESTORS

HARBOUR FIRST MORTGAGE INVESTMENT TRUST

For the quarter ended March 31, 2019

HARBOUR MORTGAGE CORP.

FORWARD-LOOKING STATEMENTS

The terms, the "Trust", "we", "us" and "our" in the following report refer to Harbour First Mortgage Investment Trust (the "Trust"). The Trust is the sole limited partner of the Harbour First Mortgage Limited Partnership (the "Partnership"). The Trust and the Partnership are collectively referred to as the "Fund". This report 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", "could", "may", "intends", "projected", "in our opinion" and other similar expressions. By their very nature, these forward-looking statements require us to make assumptions which include, among other things, that (i) the Fund will have sufficient capital under management to effect its investment strategies and pay its targeted distributions to investors, (ii) the investment strategies will produce the results intended by the Fund, (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Fund is able to invest in mortgages of a quality that will generate returns that meet and/or exceed the Fund's targeted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove inaccurate. Readers of this report are cautioned 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 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 Fund may invest in and the risks detailed from time to time in Fund's reports to investors.

Readers are cautioned 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 Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events. Due to the potential impact of these factors, the Fund and Harbour Mortgage Corp. (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.

This report is dated May 14, 2019. Information contained in this report is current to that date, unless otherwise noted.

RESPONSIBILITY OF MANAGEMENT

This report to investors in the Harbour First Mortgage Investment Trust should be read in conjunction with the unaudited financial statements for the quarter ended March 31, 2019 included herein. Investment in the Fund is subject to certain risks and uncertainties described in the Fund's Offering Memorandum, which should be read in conjunction with this report to investors. These documents are available upon request to the Manager's Investor Relations Department. Management is responsible for the information disclosed in this report to investors. The Fund has in place appropriate procedures, systems and controls to ensure such information is materially complete and reliable. In addition, the Fund's trustees have reviewed and approved this report and the unaudited financial statements for the quarter ended March 31, 2019.

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REPORT TO INVESTORS

BUSINESS OVERVIEW

The Fund is a mortgage investment fund, which was established in 2011 and is in the business of lending funds on the security of first mortgages on Canadian real property. The Fund invests in short-term mortgages selected and determined by the Manager to be high quality. The Fund was established by the Declaration of Trust, as an unincorporated investment unit trust, under the laws of the Province of Ontario on April 17, 2012. The Trust is the sole limited partner of the Harbour First Mortgage Fund Limited Partnership, which is the investment vehicle through which the Trust owns a portfolio of mortgages.

The Fund qualifies as a 'unit trust' and a 'mutual fund trust' under the Income Tax Act (Canada). Units are qualified investments under the Tax Act for registered retirement savings plans ("RRSPs") and registered retirement income funds ("RRIFs").

The fundamental investment objectives of the Fund are to:

- Preserve investor capital
- Provide investors with a stable stream of monthly distributions; and
- Provide investors with superior risk-adjusted returns

The Fund intends to meet its investment objectives by investing in a diversified portfolio of mortgage investments, consisting of commercial first mortgages secured by multi-residential, office, retail, special purpose, zoned land and industrial real property across Canada, primarily located in urban markets and surrounding areas.

Mortgage investments of the Fund typically have an initial term of 12 to 36 months and a maximum loan to value ratio of 75% at the time of underwriting.

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For the quarter ended March 31, 2019

All dollar amounts discussed in this report are in Canadian dollars.

FINANCIAL HIGHLIGHTS

The financial highlights of the Fund are as follows:

MORTGAGE INVESTMENTS INFORMATION (in $ 000's)

	Quarter-ended March 31, 2019		Quarter-ended December 31, 2018	
Mortgage commitments	$	349,545	$	330,602
Gross mortgages receivable	$	303,182	$	291,014
Total # of mortgage investments		116		117
Average mortgage committed	$	3,013	$	2,826
Average mortgage receivable [1]	$	2,614	$	2,488
Weighted average borrower rate		7.65%		7.61%
Total assets	$	305,267	$	295,977
Operating Loan Balance	$	47,095	$	60,445
Leverage ratio [2]		15.5%		20.7%
Provision for mortgage losses	$	1,247	$	1,197
Unitholders' Contributed Capital	$	256,246	$	233,517
Net Income	$	4,115	$	3,599

[1] Average mortgage investment is based on gross mortgages receivable.

[2] The leverage ratio is calculated as a percentage of total debt to gross mortgages receivable, including foreclosed assets.

Mortgage commitments of $349.5 million represent total mortgage receivables and unfunded commitments on existing loans. Unfunded commitments generally relate to construction loans. The experience of the Fund has been that the unfunded amounts on existing mortgages will be drawn in the next 12 months. As at March 31, 2019, the Fund also had approximately $27.5 million in commitments with respect to seven unfunded loans.

Q1 2019 REPORT TO INVESTORS

For the quarter ended March 31, 2019

FUND PERFORMANCE AND GROWTH OF THE FUND

For the quarter ended March 31, 2019, the Fund's revenue was $5.7million and net income was $4.1million, compared to revenue of $5.4 million and net income of $3.6 million in the prior quarter.

The Fund ended the first quarter of 2019 with a gross mortgages receivable balance of $303.2 million, an increase of $12.2 million compared to the prior quarter (Q4 2018 - $291.0 million). At quarter end the Fund's greatest exposure was in Ontario, representing 37% of the mortgage portfolio, followed by Alberta and British Columbia at 33% and 17%, respectively. The Manager will continue to pursue strategies with a long-term goal of a more balanced portfolio across Alberta, Quebec and British Columbia.

The Fund continued to use leverage during the quarter to achieve its targeted return to investors and to provide flexibility in the repayment and funding of new mortgages. The weighted average debt outstanding for the first quarter of 2019 was $52.8 million (Q4 2018 - $63.6 million).

The leverage ratio is the key metric used to measure the Fund's leverage and is calculated by dividing the total debt by the gross mortgages receivable. In Q1 2019, the Fund had an average leverage ratio of 17.6% (Q4 2018 – 24.9%) as a result of a capital raise, and significant repayments during the quarter. The Fund ended the first quarter with a leverage ratio of 15.5% (Q4 2018 – 20.7%). Management intends to continue to use debt to fund loans in the pipeline with a lending facility of $75.0 million, subsequently increased to $85.0 million in the second quarter.

Management's strategy to help mitigate future increases in the cost of borrowing is to continue to structure loans on a floating basis, this will enable the Fund to respond to a changing environment. Approximately 65% of the Fund's loans are structured with floating interest rates which rise as the prime rate increases.

The Manager's asset management fee was calculated as 1% (plus HST) of the daily weighted average mortgages receivable balance.

Investment in the Fund involves certain risks, including but not limited to the risk that borrowers default on their mortgage payments. In the event that a mortgage investment falls into arrears of one or more payments, the Manager takes action in due course to enforce its rights as creditor and, where appropriate, pursues legal action.

At quarter end, the Fund's mortgage portfolio includes two mortgage investments that are in default. The first investment has been carried from 2012 and the quarter end mortgage balance is approximately $100 thousand, with no remaining tangible security. Management expects the settlement amount from an insurance company to be paid by the end of the second quarter. The second investment is a townhouse development located in Alberta that was substantially damaged by a fire. The year-end mortgage balance is $2.7 million. Management has listed the property under power of sale and is enforcing on the guarantee. In addition, the property insurance lapsed (without notice to Management) and we have made a claim under our mortgage impairment insurance policy. This policy would insure the difference between our mortgage balance and the sale proceeds received. Management expects to collect all outstanding principal on this loan.

The Manager expects the yield to investors for 2019 to be approximately 6.60% to 6.80%, after the provision, with a monthly distribution rate of 6.50%. The yield will be finalized after year end and a top up payment is expected to be distributed in March 2020.

2019 CHANGES IN NET INVESTOR CAPITAL CONTRIBUTIONS TO THE FUND (in millions)

Opening Capital – Jan 1, 2019	$	233.5
Net Capital Contributions	$	21.5
DRIP contributions YTD	$	1.2
Ending Capital – Mar31, 2019	**$**	**256.2**

Year to date net capital contributions are $21.5 million and an additional $1.2 million in DRIP contributions. Under the plan, distributions to Unitholders are not paid out in cash but are used to acquire additional units in the Fund. Capital raises are initiated on an as-needed basis. Costs associated with capital raises include (1) a $25,000 structuring and administrative support fee payable to the Manager, (2) a fee of up to 40 basis points (0.40%) calculated on the total amount raised that is payable to Belco Private Capital Inc., a registered Exempt Market Dealer, per the terms of a Distribution Agreement, and (3) legal fees for the review of the amended Offering Memorandum and Subscription Agreement. These costs are borne by the Trust. The impact of a capital raise on the yield is dependent on the leverage achieved following the raise.

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For the quarter ended March 31, 2019

PORTFOLIO SUMMARY

All dollar amounts are in thousands of Canadian Dollars.

The balance of mortgages receivable is as follows:

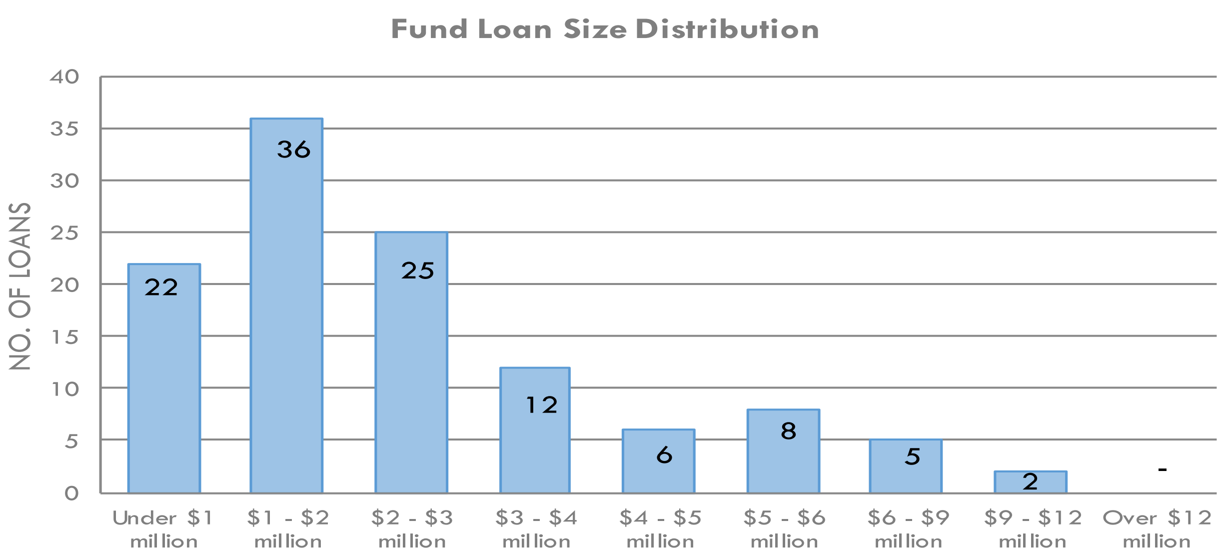
	March 31, 2019	December 31, 2018	$ Change	% Change
Gross mortgage investments	$ 303,182	$ 291,014	$ 12,168	4%
Provision for mortgage losses	$ (1,247)	$ (1,197)	$ (50)	(4%)
Net mortgage investments	$ 301,935	$ 289,817	$ 12,118	4%

The provision for mortgage losses are at $1.2 million on the balance sheet (Q4 2018 - $1.2 million). As at quarter end, the provision for mortgage losses represented 0.4% of the gross mortgages receivable balance (Q4 2018 – 0.4%). The Manager's strategy is to continue building the mortgage impairment provision up to approximately 1% of the gross mortgage investments to help cushion the Fund from potential future losses.

Portfolio Turnover

	Amount	No. of Loans
Opening Balance – Jan 1, 2019	$ 291,014	117
Repayments	$ (47,671)	(18)
Advances	$ 59,840	17
Closing Balance – Mar 31, 2019	$ 303,182	116

The distribution of the total mortgage investments by outstanding balance is summarized in the table below:



The average size was $2.6 million (Q4 2018 - $2.5 million).

Portfolio Allocation

As at March 31, 2019, the Fund's portfolio included total gross mortgages receivable of $303.2 million and was comprised of 116 mortgage investments (Q4 2018 – $291.0 million across 117 loans).

Percentage allocations are based on the outstanding balance of gross mortgages receivable as a percentage of the total portfolio.

(a) Region

	March 31, 2019			December 31, 2018		
	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments
Ontario	42	$ 111,012,607	37%	48	$ 114,564,265	39%
Alberta	40	$ 99,605,570	33%	38	$ 96,088,288	33%
British Columbia	11	$ 52,909,271	17%	9	$ 47,797,591	16%
Quebec	20	$ 35,736,982	12%	20	$ 31,073,395	11%
Manitoba	3	$ 3,918,000	1%	2	$ 1,490,000	0%
	116	**$ 303,182,429**	**100%**	**117**	**$ 291,013,539**	**100%**

The Fund continues to maintain a diversified portfolio of mortgage investments across Canada, with its greatest concentration in Canada's largest provinces. Management continues to pursue strategies with a long term focus on a more balanced portfolio across Quebec, British Columbia and Alberta.

(b) Maturity

	March 31, 2019			December 31, 2018		
	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments
Maturing < 1 year	78	177,213,569	58%	88	$ 183,787,830	63%
Maturing 1 – 2 years	36	123,268,861	41%	24	$ 77,065,709	26%
Maturing > 2 years	2	2,700,000	1%	5	$ 30,160,000	10%
	116	**$ 303,182,429**	**100%**	**117**	**$ 291,013,539**	**100%**

The weighted average term to maturity as at March 31, 2019 is 0.88 years (Q4 2018 – 0.87 years), Management continues to originate loans with average terms of 1 to 3 years. Approximately 58% of the portfolio's mortgage investments mature within one year and approximately 99% mature within two years. In addition, all of the Fund's mortgages are open for repayment prior to maturity, subject to penalties in some cases. The short-term nature of the Fund's portfolio permits opportunities to continually and rapidly evolve the portfolio in response to changes in the real estate and credit markets. Furthermore, the continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing mortgage investments and funding commitments.

(c) Asset Type

	March 31, 2019			December 31, 2018		
	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments
Residential	48	$ 101,918,118	34%	46	$ 100,655,705	35%
Office	5	9,870,000	3%	5	$ 9,520,000	3%
Retail	6	26,732,548	9%	8	$ 34,835,626	12%
Industrial	10	31,299,402	10%	11	$ 31,799,402	11%
Land (incl. Zoned & Serviced Lots)	23	61,742,044	20%	22	$ 53,329,426	18%
Mixed Use	20	60,827,818	20%	22	$ 51,580,880	18%
Special Purpose (incl. Retirement Residence, Hotel and Self-Storage)	4	10,792,500	4%	3	$ 9,292,500	3%
	116	**$ 303,182,429**	**100%**	**117**	**$ 291,013,539**	**100%**

Residential property which represents 34% of mortgage investments (Q4 2018 – 35%) primarily consists of multi-residential rental properties and residential inventory loans. The Fund ended the quarter with mortgage investments secured by land representing 20% of the portfolio, increasing by 2% from 18% in the prior quarter. The Fund's portfolio of land mortgages consists of $58.1 million of mortgages secured by serviced land where development of the subject property is expected in the short term, $1.8 million of mortgages secured by land where we have agreed to convert the loan into a construction loan once presale tests have been met, and $1.8 million of mortgages secured by lot inventory. The weighted average loan to value of the Fund's land portfolio is 57%.

(d) Interest Rate

	March 31, 2019			December 31, 2018		
	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments
6.99% or lower	3	$ 12,893,575	4%	3	$ 8,293,575	3%
7.00%–7.49%	13	50,067,611	17%	20	$ 58,224,450	20%
7.50%–7.99%	51	120,869,650	40%	47	$ 111,335,762	38%
8.00%-8.49%	37	92,519,308	31%	33	$ 80,025,285	27%
8.50%-8.99%	11	26,057,286	9%	12	$ 28,310,949	10%
9.00% or greater	1	775,000	0%	2	$ 4,823,518	2%
	116	**$ 303,182,429**	**100%**	**117**	**$ 291,013,539**	**100%**

The weighted average borrower interest rate for the first quarter was 7.64%, compared to 7.61% in the prior quarter and compared to 7.57% in Q1 2018.

(e) Loan-to-value

	March 31, 2019			December 31, 2018		
	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments	# of Mortgage Investments	$ of Mortgage Investments	% of Mortgage Investments
50% or less	12	$ 29,787,500	10%	14	$ 32,700,420	11%
50%–59%	10	$ 32,332,595	11%	10	$ 25,550,342	9%
60%–69%	40	$ 108,113,133	36%	42	$ 104,321,785	36%
70%–75%	54	$ 132,949,202	44%	51	$ 128,440,992	44%
	116	**$ 303,182,429**	**100%**	**117**	**$ 291,013,539**	**100%**

All mortgage investments have a loan-to-value below or equal to 75% at the time of underwriting. The weighted average loan to value of the portfolio at quarter end was approximately 65.5% (Q4 2018 – 65.7%). The weighted average loan to value of the portfolio is calculated by taking a weighted average of each loan's outstanding mortgages receivable balance and its loan to value at the time of underwriting.

CORPORATE DIRECTORY

TRUSTEES

Harbour First Mortgage Investment Trust

Alan Winer, Trustee

Paul Schachter, Trustee

Howard Cappell, Trustee

MANAGEMENT

Harbour Mortgage Corp.

Alan Winer
Principal and Chief Executive Officer

Paul Schachter
Co-founder, Officer and Director

Bruce Shepherd
Chief Risk Officer

Nelson Da Silva
Chief Investment Officer

Howard Cappell
Chief Financial Officer

Ann Hawley
Vice President, Investor Relations

Connie Ennis
Finance Manager

DISTRIBUTIONS

Distributions on Fund units are payable on or about the 15th day of each month. The Fund distributes its taxable income each year to the Unitholders.

ADVISORY COMMITTEE

The Advisory Committee continues to meet quarterly.

CORPORATE ADDRESS

Requests for the Fund's reports, investment information or other corporate communications should be directed to:

Investor Relations
Harbour Mortgage Corp.
36 Toronto Street, Suite 500
Toronto ON M5C 2C1
416-361-3315 x225

AUDITORS

MNP LLP

LEGAL COUNSEL

Torkin Manes LLP

WEBSITE

www.harbourmortgage.ca

Harbour First Mortgage Fund Investment Trust

Consolidated Statement of Financial Position (Unaudited)

as at December 31, 2018

Assets	**$**
Cash and cash equivalents	1,453,826
Interest and other receivables	1,876,963
Net mortgages receivable	301,935,857
Property held for sale	-
	305,266,646
Liabilities and Unitholders' Equity	
Liabilities	
Accounts payable and accrued liabilities	1,128,301
Unitholders' distributions payable	1,386,809
Loans payable	47,013,250
	49,528,360
Unitholders' equity	255,738,286
	255,738,286
	305,266,646

Harbour First Mortgage Fund Investment Trust
Consolidated Statement of Comprehensive Income (Unaudited)
for the period from January 1, 2018 to December 31, 2018

Revenue		
Interest income	$	5,715,660
Direct expenses		
Interest and bank charges		678,443
Asset management fees		833,089
Funding fees		11,400
Provision for impairment of mortgages receivable		50,000
		1,572,932
		4,142,728
Expenses		
Professional fees		17,618
Other		9,650
		27,268
Net and comprehensive income		**4,115,460**

Harbour First Mortgage Investment Trust

Consolidated Statement of Unitholders' Equity (Unaudited)

for the period from January 1, 2018 to December 31, 2018

Balance, beginning of period	$	232,981,167
Net and comprehensive income		4,115,460
Proceeds from issuance of units		30,328,596
		34,444,056
Deduct:		
Unit issuance costs		74,444
Unitholder redemptions		7,924,700
Distributions to unitholders		3,687,794
Balance, end of period		255,738,286