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Headnote

Relief granted from the requirement to deliver an offering memorandum in the required form under 4.2 of MI 45-103 *Capital Raising Exemptions*, for an offering of syndicated mortgage securities; instead of the prescribed form, BC Form 45-901F, the issuer will deliver form 45-103F1 and incorporate the parts of BC Form 45-901F that are applicable

Exemption Order

494989 B.C. Ltd.

Section 9.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*

Background

- ¶ 1 494989 B.C. Ltd. (the corporation) applied for an exemption from the requirement in section 4.2 of Multilateral Instrument 45-103 *Capital Raising Exemptions* (MI 45-103) to use the required form of offering memorandum.

Representations

- ¶ 2 The corporation represents that:
1. it was incorporated in British Columbia on April 20, 2000 and it is not a reporting issuer under the *Securities Act* (British Columbia) (the Act) or any other securities legislation in Canada;
 2. its authorized capital consists of 50,000 shares divided and issued as follows:
 - (a) 10,000 Class A Shares (with par value of \$1) of which 100 are issued;
 - (b) 10,000 Class B Shares (with par value of \$1) of which 100 are issued;
 - (c) 10,000 Class C Shares (with par value of \$0.01) none of which are issued;
 - (d) 10,000 Class D Shares (with par value of \$0.01) none of which are issued;
 - (e) 10,000 Class E Shares (without par value) of which 100 are issued;
 3. it was formed to acquire and renovate 608 West Pender Street, Vancouver, BC, and operate it as The Seymour Cambie Hostel and Malone's Bar and Grill, (the property);
 4. it intends to offer prospective purchasers an undivided interest (the syndicated mortgage interests) in a second mortgage registered against the property (the mortgage);

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5. it will enter into a trust agreement with Norman Morrison (the trustee), of the law firm Street Morrison, who will hold the mortgage and a general security interest in trust for purchasers;
6. the syndicated mortgage interests will be issued in \$2,500 multiples and priced at 100% of face value;
7. the offering of the syndicated mortgage interests (the offering) will be made under the offering memorandum exemption in MI 45-103;
8. the required form of offering memorandum for syndicated mortgage interests under this exemption in British Columbia is BC Form 45-901F;
9. it cannot use BC Form 45-901F for the offering because items 1, 6, 12, 14, 16, 23 and 25 (the mortgage broker disclosure requirements) pertain to a mortgage broker involved in a syndicated mortgage offering, and there is no mortgage broker involved with the corporation or in the offering;
10. it has no intention of engaging the services of a mortgage broker with respect to the offering or the syndicated mortgage interests generally;
11. there is no requirement in the Act or any other legislation to use a mortgage broker for an offering of syndicated mortgage interests;

Order

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders, under Section 9.1 of MI 45-103, that the requirement in 4.2 of MI 45-103 that the offering memorandum must be in the required form does not apply to the corporation for the offering, provided that:

1. the corporation delivers an offering memorandum in the form 45-103F1; and
2. the offering memorandum contains the disclosure required by BC Form 45-901F, except for the mortgage broker disclosure requirements.

¶ 4 March 29, 2005

Martin Eady, CA
Director, Corporate Finance