

OFFERING MEMORANDUM

This Offering Memorandum constitutes a private offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as a prospectus, advertisement or public offering of the securities referred to herein. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors". Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada. The securities offered hereunder will be issued under exemptions from the registration and prospectus requirements of the applicable securities laws of the Province of British Columbia and the rules, regulations and policies thereunder and will be subject to certain resale restrictions. These securities will not be offered for sale in the United States of America.

February 28, 2019

Continuous Offering

METROPOINTE MORTGAGE INVESTMENT CORPORATION

Suite 201, 15230 – 56th Avenue
Surrey, British Columbia V3S 5K7
Email: info@metropointemic.com
Telephone: (604) 580-5000
Fax: (604) 576-2138

\$1.00 per Class B Preferred Share

Minimum Subscription: \$5,000 (5,000 Preferred Shares)

Metropointe Mortgage Investment Corporation (the "Company") is a private mortgage investment corporation incorporated under the *Business Corporations Act* (British Columbia) on November 3, 2011.

The Company is offering on a private placement basis up to a maximum of \$25,000,000 Class B Preferred Non-Voting Shares (the "Preferred Shares") in the capital of the Company at an initial price of \$1.00 per Preferred Share (the "Offering"). Each Preferred Share represents a beneficial interest in the profits of the Company, which will principally be comprised of quarterly dividends paid in cash or in shares of the Company.

The Offering is being made with reliance on certain exemptions from the registration and prospectus filing requirements available under the securities laws of the Province of British Columbia. As a result, the Preferred Shares offered herein will be subject to the applicable resale restrictions under these laws. You will be restricted from selling your securities for an indefinite period. See "Resale Restrictions". There are certain risk factors inherent in an investment in the Preferred Shares and in the activities of the Company. See "Risk Factors".

Subscriptions will be received if, as and when accepted, subject to prior sale and satisfaction of the conditions set forth under "Subscription Procedure" and to the right of the Company to close the subscription books at any time without notice. The Offering is continuous and Preferred Shares will be available for sale. Purchasers will have two business days to cancel their agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, purchasers will have the right to sue either for damages or to cancel their agreement to purchase these securities. See "Subscription Procedure" and "Purchasers' Rights".

DISCLAIMERS

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the securities offered hereby. Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment. The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum and no other information or representation is authorized or may be relied upon as having been authorized by the Company. Any subscription for the securities offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, will be solely at the risk of such person.

This Offering Memorandum is confidential. By their receipt hereof, prospective Subscribers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

OFFERING MEMORANDUM
Dated February 28, 2019
for
METROPOINTE MORTGAGE INVESTMENT CORPORATION

Offering of Class B Preferred Non-Voting Shares up to a Maximum of \$25,000,000

Date: February 28, 2019

The Issuer

Name: **Metropointe Mortgage Investment Corporation (the “Company”)**
Head office: Suite 201, 15230 – 56th Avenue
Surrey, British Columbia V3S 5K7
Phone No. 604.580.5000
E-mail address: info@metropointemic.com
Fax No. 604.576.2138

Currently listed or quoted: No. **These securities do not trade on any exchange or market.**
Reporting issuer: No.
SEDAR filer: No.

The Offering

Securities offered: Redeemable, non-voting Class B Preferred Shares with a par value of \$1.00 each (the “Preferred Shares”)

Price per security: \$1.00 per Preferred Share (the “Subscription Price”)

Minimum/Maximum offering: There is no minimum. The maximum is \$25,000,000. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish the Company’s proposed objectives.

Minimum Subscription Amount:

The minimum number of Preferred Shares that may be subscribed for by any one Subscriber is 5,000 Preferred Shares at a subscription price of \$1.00 per Preferred Share for a total of \$5,000. For subsequent investments by existing holders of Preferred Shares, the minimum number of Preferred Shares that may be subscribed for is 5,000 Preferred Shares at a subscription price of \$1.00 per Preferred Share for a total of \$5,000. The Company reserves the right to change the minimum amount at any time and from time to time.

Payment terms: The full subscription price is payable upon subscription, by certified cheque, electronic transfer or bank draft payable to “Metropointe Mortgage Investment Corporation”. See Item 5.2 “Subscription Procedure”.

Proposed closing date(s): The closing of the sale of the Preferred Shares offered hereunder will take place at such times as are chosen by the Company (each, a “Closing”). The Corporation reserves the right to close the Offering at any time as subscriptions are received.

Income Tax consequences: There are important tax consequences to these securities (see Item 6 “Income Tax Consequences and RRSP Eligibility”).

Selling agent: On February 15, 2019, the Company applied on behalf of Metropointe Capital Inc., a related entity, to act as the Company’s exempt market dealer to sell its Preferred Shares pursuant to exemptions from the prospectus requirements. Therefore, the Company is able to continue to rely upon the exemption from the dealer registration requirements for mortgage investment entities provided by BCI 32-517 until Metropointe Capital Inc.’s application for registration as an exempt market dealer is accepted or rejected pursuant to the transition provision under CSA Staff Notice 32-302. If such application is accepted, then the Company will retain Metropointe Capital Inc. as its exempt market dealer to sell its Preferred Shares. The Company may pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, subject to negotiation (see Item 7 “Compensation Paid to Seller’s and Finder’s”).

Resale restrictions As there is no market for the Preferred Shares, it may be difficult or even impossible to sell them. Preferred Shares are subject to resale restrictions and you will be restricted from selling your Preferred Shares for an indefinite period (see Item 10 “Resale Restrictions”). However, you may elect to redeem any or all of your Preferred Shares at certain times if you follow the procedures established (see Item 5 “Terms of Preferred Shares – Redemption Rights”).

Purchaser’s rights You have 2 business days to cancel your agreement to subscribe for Preferred Shares. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 “Purchasers’ Rights”.

No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment (see Item 8 “Risk Factors”).

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GLOSSARY

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

“**Affiliate**” or “**Affiliates**” has the same meaning as in the B.C. Securities Act;

“**BCI 32-517**” means British Columbia Instrument 32-517 *Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities*.

“**B.C. Securities Act**” means the *Securities Act* (British Columbia), with all amendments thereto in force from time to time and any statutes that may be passed which have the effect of supplementing or superseding such statute;

“**Business Day**” means a day other than a Saturday, Sunday or any day on which the principal office of the Company’s bankers located in Vancouver, British Columbia, is not open for business during normal banking hours;

“**Calculation Date**” means the last day of the Company’s Fiscal Year;

“**Closing**” means a closing of the sale of Preferred Shares as the Company may determine from time to time;

“**Date of Closing**” means in respect of any Preferred Shares the date upon which the subscription for such Preferred Share is accepted by the Company;

“**Dividend Payment Date**” means a date, selected by the Directors of the Company in their sole discretion that falls within 90 days of the Calculation Date; however, if the Directors of the Company determine to declare dividends at the end of every fiscal quarter, such date will fall within 30 days of each fiscal quarter end;

“**Fiscal Year**” means each consecutive period of 12 months ending on September 30;

“**Loans**” means the portfolio of short to medium-term loans in which the Company will invest the net proceeds from the issuance of Preferred Shares pursuant to this Offering Memorandum;

“**MIC**” means a mortgage investment corporation as defined in subsection 130.1(6) of the Tax Act;

“**Mortgage**” or “**Mortgages**” means a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property;

“**Mortgage Broker**” means a party licensed under the Mortgage Brokers Act;

“**Mortgage Brokers Act**” means the *Mortgage Brokers Act* (British Columbia), with all amendments thereto in force from time to time and any statutes that may be passed which have the effect of supplementing or superseding such statute;

“**Net Subscription Proceeds**” means the gross proceeds to the Company from the sale of the Preferred Shares less the costs of this Offering and the Sales Fee;

“**Offering**” means this offering of up to 25,000,000 Preferred Shares;

“**Preferred Share**” means a Class B Preferred Share in the capital of the Company;

“**Preferred Shareholder**” means those investors whose subscriptions to purchase Preferred Shares are accepted by the Company and thereafter at any particular time the persons entered in the central securities register of the Company as holders of Preferred Shares and the singular form means one such registered holder;

“**Real Property**” means land, rights or interest in land (including without limitation leaseholds, air rights and rights in condominiums, but excluding Mortgages) and any buildings, structures, improvements and fixtures located thereon;

“**Securities Authority**” means the British Columbia Securities Commission and any other applicable provincial securities commission;

“**Subscriber**” means a subscriber for Preferred Shares;

“**Subscription Form**” means the subscription form to subscribe for Preferred Shares;

“**Subscription Price**” means \$1.00 per Preferred Share; and

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.11, and the regulations promulgated thereunder, as amended from time to time.

CANADIAN CURRENCY

All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Net Funds

		Assuming Minimum Offering⁽¹⁾	Assuming Maximum Offering⁽¹⁾
A.	Amount to be raised by this offering.	\$0	\$25,000,000
B	Estimated Selling Commissions and Fees	\$0	\$0
C.	Estimated Costs of the Offering (e.g. Legal, accounting, audit) ⁽²⁾	\$40,000	\$40,000
D.	Available Funds: $D = A - (B + C)$	(\$40,000)	\$24,960,000
E.	Additional sources of funding required	\$40,000 ⁽³⁾	\$0
F.	Working capital deficiency	N/A	\$0
G.	Total: $G = (D + E) - F$	\$0	\$24,960,000

(1) The Maximum Offering is \$25,000,000 (25,000,000 Preferred Shares). There is no Minimum Offering.

(2) Offering Costs as shown are estimated expenses (currently estimated to be \$40,000 if the Maximum Offering is achieved) of or incidental to the issue, sale and delivery of the Preferred Shares pursuant to this Offering, including, without limitation, fees and disbursements of legal counsel and accountants, printing and other administrative costs associated with marketing the Preferred Shares pursuant to this Offering Memorandum and the reasonable out-of-pocket expenses (including applicable taxes) of the Company in connection with such issue, sale and delivery.

(3) If necessary, the directors may lend and pay on behalf of the Company all costs incurred in connection with the preparation for and completion of the Offering, including legal and accounting fees which are estimated to be \$40,000. All costs in connection with the Offering funded by the directors will be repaid, without interest from funds received by the Company from Subscribers or from income generated by the Company.

1.2 Use of Available Funds

The Net Subscription Proceeds will be invested primarily in Loans secured by Mortgages. Investments in such Loans will be made as set out in Item 2.2 "The Company's Business - Investment Policies". The Company will use its best efforts to make suitable investments of the Net Subscription Proceeds as soon as possible following each Closing.

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Investment in mortgages, other permitted investments and related administrative expenses	\$0	\$24,960,000
ANY OTHER USE	\$0	\$0
Total:	\$0	\$24,960,000

1.3 Reallocation

The Company intends to spend the funds as stated. The Company will reallocate funds only for sound business reasons.

ITEM 2 BUSINESS OF THE COMPANY

2.1 Structure

The Company is a mortgage investment corporation as defined in the Tax Act and intends to continue to qualify as such. It was incorporated under the *Business Corporations Act* (British Columbia) on November 3, 2011 under Incorporation No. BC0924392. The Company's registered and records office is located at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 and its head office is located at Suite 201, 15230 – 56th Avenue, Surrey, British Columbia V3S 5K7.

The Company does not have any subsidiaries or proposed subsidiaries.

The Company is registered to carry on business as a mortgage investment corporation (a "MIC") in the Province of British Columbia. The Company's investment policies require it to conduct its operations so as to qualify as a "*mortgage investment corporation*" as this term is defined under section 130.1 of the Tax Act. The Directors of the Company intend to refuse the registration of an allotment or transfer of the Company's shares which may result in the Company ceasing to meet such qualification.

2.2 The Company's Business

The Company

The Company is a MIC as that term is defined in section 130.1 of the Tax Act. It was incorporated for the purpose of generating a stable stream of income for investors, primarily by making Loans secured by Mortgages, thereby providing investors with an opportunity to participate indirectly in a portfolio of Mortgages. It has developed its mortgage investment business steadily since June 2012 and expects that demand for private mortgage financing will remain high as traditional institutional lenders keep their lending policies tight due to lingering caution following the global credit crisis.

The Tax Act provides that a MIC may invest its funds as it sees fit, provided that a MIC must not invest in mortgages on Real Property (land and buildings) situated outside of Canada or any leasehold interest in such property, debts owing by non-resident persons unless secured by Real Property situated in Canada or shares of corporations not resident in Canada. The Tax Act also provides that at least 50% of the cost amount of a MIC's property must consist of debts secured by mortgages or otherwise on "houses" or property included within a "housing project" (as those terms are defined by section 2 of the *National Housing Act* (Canada)) and money on deposit in a bank or credit union. No more than 25% of the cost amount of a MIC's property may be Real Property, including leasehold interests in Real Property (except for Real Property acquired by foreclosure or otherwise after default on a mortgage or other security).

The Company invests primarily in first and second mortgages each having a principal amount which, when added to the principal amount of prior mortgages, is generally not more than 80% of the appraised value of the Real Property against which they are secured. There may be instances in which the Company will invest in Loans with a higher or lower loan-to-value ratio if the directors of the Company determine that it is in the best interests of the Company to do so.

The Company is in the business of investing in Mortgages granted as security for Loans to a variety of borrowers, including builders, developers and owners of commercial, industrial and residential real estate located primarily in the Lower Mainland and Fraser Valley of British Columbia. To the extent that the Company's funds are not invested in Mortgages from time to time, they are held in cash deposited with a Canadian chartered bank or credit union or are invested in short term deposits, savings accounts or government guaranteed income certificates so that the Company may maintain a level of working capital for its ongoing operations considered acceptable by the directors of the Company. Subject to limitations and restrictions applicable to MICs that are contained in the Tax Act, the Company may make other

permitted investments over time, including the direct ownership of Real Property (including Real Property acquired by way of foreclosure under Mortgages).

The Company's mortgage investment portfolio will be managed by the board of directors and all potential mortgage investments must be approved by the board of directors and any Loan approvals must be signed by two directors of the Company if under \$250,000 and by three directors of the Company if over \$250,000.

As a MIC, the Company is allowed to deduct dividends that it pays from its income. The Company intends to pay out all of its net income and net realized capital gains as dividends within the time period specified in the Tax Act and as a result does not anticipate paying any income tax (see Item 6 - "*Income Tax Consequences*").

The Company may fund its investments through equity financings or, by law, the Company may employ leverage, as permitted by applicable legislation, by issuing debt obligations up to a maximum of five (5) times its equity if at least 2/3 of its equity is in Canadian residential property or on deposit with qualifying financial institutions and three (3) times its equity if less than 2/3 of its equity is in Canadian residential property or on deposit with qualifying financial institutions. The Company does not currently have an operating line of credit, however, it may seek to obtain an operating line of credit in the future. If the Company obtains an operating line of credit, then it intends to borrow to the extent that the directors are satisfied that such borrowing and additional investments will increase the overall profitability of the Company.

Administration Services Provider

The Company does not have and does not expect to have any employees, and therefore, all mortgage administration and other ancillary services will be performed by Metropointe Capital Management Inc. (the "**Administrator**"), which will provide ongoing mortgage administration and other ancillary services relating to the Company's business pursuant to an Administrative and Services Agreement between the Company and the Administrator, dated February 1, 2015. The Administrator is responsible for processing and administering mortgage loans on behalf of the Company and handling the day to day administrative services for the Company's operations. The Administrator is an Affiliate of the Company.

Pursuant to the Administrative and Services Agreement, the Administrator will be paid an annual servicing and administration fee equal to 2% of the aggregate outstanding balance of the total assets of the Company (after deduction of provisions for losses), with such fee being calculated and payable monthly in arrears on the last day of each month.

The Administrator will provide mortgage administration and other ancillary services to the Company with such services to be rendered immediately and competently and with professional skill and acumen.

The Administrator is required to and shall:

- (a) process and administer mortgage loans on behalf of the Company within parameters from time to time approved by the Board of Directors of the Company;
- (b) undertake and be responsible for the day to day administration of the Company;
- (c) provide financial services to the Company including administering general security agreements and other forms of security of the Company;
- (d) provide monthly reports on the operation of the Company to the Board of Directors of the Company;
- (e) communicate regularly with shareholders of the Company and answer any such shareholder queries;
- (f) communicate regularly with mortgage brokers engaged in business with the Company and answer any such mortgage broker queries;

- (g) prepare accounting information for the auditors of the Company;
- (h) undertake any accounting task which shall reduce the accounting fees of the auditor;
- (i) maintain the business premises of the Company for the conduct of its business; and
- (j) perform other assignments related to the business and affairs of the Company as directed by its Board of Directors.

The Administrator shall furnish itself with all necessary administrative services including provision of office space, clerical staff and maintenance of books and records to the extent required to perform the duties and services set forth in the Administrative and Services Agreement.

In exercising its powers and discharging its duties under the Administrative and Services Agreement, the Administrator must carry out its duties fairly, honestly and in the best interests of the Company and must exercise the degree of care, diligence and skill that a reasonably prudent person experienced in the business of providing mortgage administration and ancillary services would exercise in comparable circumstances. The Administrator will not handle or deal with any trust funds on behalf of the Company or its investors. The Administrator is not liable to the Company for any loss caused by the Administrator in carrying out its duties under the Administrative and Services Agreement unless the loss resulted from the gross negligence, willful misconduct or dishonesty of the Administrator, its officers, employees or agents in the performance of its duties. The Company has agreed, under the terms of the Administrative and Services Agreement, to indemnify and save the Administrator harmless in the event that the Administrator suffers a loss of any nature whatsoever in connection with the performance of its duties under the Administrative and Services Agreement, except where such loss resulted from the gross negligence, willful misconduct or dishonesty of the Administrator or its officers, employees or agents.

The Company will reimburse the Administrator for all reasonable and necessary out-of-pocket disbursements excluding wages, office space and maintenance of books and records incurred by the Administrator in connection with the administration of the business of the Company.

The appointment of the Administrator shall be for a five year period and shall renew automatically for consecutive five year periods unless the Administrative and Services Agreement is otherwise terminated.

The Company may terminate the Administrative and Services Agreement if:

- (a) the Administrator makes an assignment for the benefit of creditors or commences any action of bankruptcy within the meaning of the *Bankruptcy Act (Canada)*;
- (b) the Administrator assigns or purports to assign the Administrative and Services Agreement or any rights accruing thereunder without the prior written consent of the Company;
- (c) the Administrator commits a breach or default under the Administrative and Services Agreement provided that such breach or default does not relate to any payment of monies to be paid by the Administrator to the Company, and the Administrator has not cured such breach or default within thirty (30) days after receiving written notice from the Company stipulating the breach or default;
- (d) the Administrator fails to pay or refuses to pay monies it may owe to the Company; or
- (e) by mutual consent in writing of the Company and the Administrator.

The Administrator may terminate the Administrative and Services Agreement if:

- (a) the Company makes an assignment for the benefit of creditors or commences any action of bankruptcy within the meaning of the *Bankruptcy Act (Canada)*;
- (b) the Company assigns or purports to assign the Administrative and Services Agreement or any rights accruing thereunder without the prior written consent of the Administrator;
- (c) the Company commits a breach or default under the Administrative and Services Agreement provided that such breach or default does not relate to any payment of monies to be paid by the Company to the Administrator, and the Company has not cured such

- breach or default within thirty (30) days after receiving written notice from the Administrator stipulating the breach or default;
- (d) at any time during the term of the Administrative and Services Agreement if the Administrator gives the Company six (6) months notice of its intention to terminate the Administrative and Services Agreement; or
- (e) by mutual consent in writing of the Company and the Administrator.

In the event of termination of the Administrative and Services Agreement, the Administrative and Services Agreement and any agency created thereby shall terminate and be of no further force or effect and all rights or obligations of the Company and the Administrator shall cease. In addition, in the event of termination of the Administrative and Services Agreement, the Administrator shall return and deliver to the Company (or its authorized agent) all funds received by the Administrator in respect of all mortgages serviced thereunder and all documents, records, tax receipts, insurance policies, appraisals, correspondence, files and other documents in its possession pertaining to the mortgages serviced thereunder.

Mortgage Brokerage

The Company is registered as a Mortgage Broker with the British Columbia Financial Institutions Commission in accordance with the Mortgage Brokers Act.

The Office of the Registrar of Mortgage Brokers at the British Columbia Financial Institutions Commission regulates the mortgage brokering and lending activities of MICs under the Mortgage Brokers Act. The Registrar and the Mortgage Brokers Act do not regulate the capital raising and investment marketing activities of MICs which are subject to securities legislation and regulation.

Investment in Loans

The Company will seek out and originate Loans for investment and which are consistent with the investment and operating policies and objectives of the Company.

The Mortgages to be invested in by the Company are a common form of financing within the real estate industry. The standard documentation used with respect to Mortgages will provide that, in the event of a failure by the mortgagor to pay any amount owing under a Mortgage, the mortgagees will be entitled to enforce the Mortgage in accordance with applicable law. In the event of a failure by a mortgagor to make a payment of interest and/or principal when due, the mortgagees will immediately communicate with the mortgagor and, failing prompt rectification, will issue a notice of its intent to exercise the remedy or remedies which are available to the mortgagees which the Company considers appropriate. Typically, all legal costs, costs related to registration of Mortgages and costs relating to obtaining appraisals of Real Property, as allowed by law, will be for the account of the mortgagors.

The Mortgages are held by and registered in the name of the Company.

In addition, the Company will obtain standard security in respect of commercial Mortgages which, depending on the specific Mortgage, may include one or more of an assignment of rents, an assignment of insurance proceeds, an assignment of purchase agreements (on residential development projects) and a general security agreement.

The Company will invest in Mortgages secured primarily by residential Real Property but may invest in Mortgages secured by various other types of Real Property, including single-family dwellings, duplexes, townhouses, condominium units and other multi-family residential properties, subdivisions and construction projects and commercial property, small strata retail, industrial and office units/buildings. The Company will invest in Mortgages primarily in the Lower Mainland and Fraser Valley regions of British Columbia. Such Mortgages will comply with the investment policies of the Company. While it may make

Loans relating to property outside of such areas, it will in such cases alter its lending criteria in order to ensure protection of the capital from the Preferred Shareholders.

The Mortgages in which the Company invests will often be short term (i.e. with terms of one year or less), but will attempt to stagger the maturity dates in order to produce an orderly turnover of assets and liabilities. The Mortgages may be second or, in exceptional cases, subsequent ranking Mortgages. As well, the Company may invest, either alone or in participation with other lenders, in mezzanine and subordinated Mortgage debt for investment properties, which Mortgages may carry longer terms.

Investment Policies and Guidelines

The Company's goal is to maximize shareholder returns by investing in Loans to parties recommended by the Company's management. The Company will generally comply with the following policies and guidelines in order to accomplish this goal. These policies and guidelines are consistent with the provisions of the Tax Act and real estate legislation which apply to mortgage investment corporations generally. The following are the investment criteria to be applied when selecting Mortgages in which the Company will invest:

- The Company intends that the overall loan to value ratio of the Mortgages will not exceed 80% of the aggregate appraised values of the property (including prior ranking mortgages) which is mortgaged. However, in certain circumstances, and pursuant to stringent criteria established by the credit committee of the Company, the acceptable loan to value ratio may be increased to 85% (including prior ranking mortgages) for Loans that are secured with Mortgages on detached single family homes, apartments, townhouses, or duplexes located within the Lower Mainland region of British Columbia.
- The Company's management will analyze the credit score and personal net worth/income of all potential borrowers prior to agreeing to grant any Loans and the primary and secondary sources of repayment and the financial strength and ability to repay of the borrower must be fully assessed and approved by the Directors of the Company.
- The Company will require the borrower to confirm the current mortgage balance of any first mortgage if the Company is providing a second mortgage.
- In its discretion and depending on the circumstances, the Company may review the BC Assessment value of any property in respect of which it intends to make a Loan secured by a Mortgage, or may have a comparative market analysis completed.
- The Company will only make an investment in Mortgages where appraisals of the fair market value of the relevant property and all other relevant materials, including credit and financial reports in respect of the borrower, are satisfactory to the Directors of the Company.
- The Company will require one of the Directors or a representative of the Administrator to perform a walk-through of the property in respect of which it intends to make a Loan in order to view and assess the actual condition of such property prior to funding.
- All potential Mortgage investments must be approved by the Directors of the Company and Loan approvals must be signed by two directors of the Company if under \$250,000 and by three directors of the Company if over \$250,000.
- Once the capital of the Company has exceeded \$5,000,000, no single investment or related group of investments involving one property or development, or involving several properties or developments owned by one borrower and its affiliates, shall generally exceed 15% of the book value of the assets of the Company at funding unless firm takeout commitments are in place.
- The Company may hold Real Property acquired as a result of foreclosure where such foreclosure was necessary to protect the interests of the Company as a result of a default by the borrower. The Company will use its commercially reasonable efforts to dispose of such Real Property acquired on foreclosure.
- To the extent that, from time to time, the Company's funds are not invested in Loans, they will be held in cash deposited with a Canadian chartered bank or will be invested in short term deposits,

savings accounts or government guaranteed income certificates or treasury bills so as to maintain a level of working capital for the Company's ongoing operations considered acceptable by the Directors of the Company.

- No funds will be loaned in respect of any property in which a director or officer of the Company has a direct or indirect interest.
- The Company will not make any investment that would result in its failing to qualify as a Mortgage Investment Corporation pursuant to the Tax Act.

If the Company has any temporary surplus cash, the Company holds such funds in short term deposits, savings accounts or government guaranteed income certificates.

If, due to a change in the provisions of the Tax Act or other legislation applicable to the Company, any of the foregoing policies, guidelines and restrictions require amendment in order to comply with such change in legislation, the Company may make such change and such change will be binding on the Company. In addition, the foregoing policies, guidelines and restrictions may be changed at any time (so long as such change complies with applicable legislation) if the change is determined by the Company to be required in order to ensure that the Company remains competitive in the making of the highest quality Loans being undertaken in the marketplace at the time of such change and is in the best interests of the Company.

Operating Policies

The Tax Act imposes certain restrictions on MICs and on investments made by MICs, which restrictions can be summarized as follows:

- (i) The corporation must be a Canadian corporation.
- (ii) The corporation must have at least 20 shareholders.
- (iii) No shareholder can own more than 25% of the issued shares of any class of the corporation.
- (iv) Except in limited circumstances, the corporation cannot manage or develop Real Property.
- (v) The corporation cannot own shares of non-resident corporations.
- (vi) The corporation cannot hold Real Property located outside of Canada.
- (vii) The corporation cannot loan funds where the security is property located outside of Canada.
- (viii) More than 50% of the cost of the corporation's property must be invested in mortgages over residential properties or deposits with a qualifying financial institution.
- (ix) No more than 25% of the cost of the corporation's property can be invested in Real Property, except property acquired by foreclosure.
- (x) The corporation must not exceed certain debt-to-equity ratios, which vary depending on the percentage of the cost of property invested in residential mortgages or on deposit with qualifying financial institutions. If less than two-thirds of the cost of the corporation's property is invested in this manner, the debt-to equity ratio may not exceed three to one. If more than two-thirds of the cost of the corporation's property is invested in this manner, then the allowable debt-to-equity ratio is five to one.

2.3 Development of the Business

The Company was incorporated on November 3, 2011 and has conducted the business of investing in Loans secured by Mortgages since June 2012. As at February 1, 2019, the Company has issued 30,524,162 Preferred Shares and has made Loans in the aggregate amount of \$30,411,184.

Mortgage Portfolio

As at February 1, 2019, the Company's current portfolio of Mortgages consisted of 57 Loans ranging in value from \$20,000 to \$2,500,000 for a total aggregate principal amount of approximately \$30,411,184. The mortgages securing the outstanding principal of these Loans are all registered against properties in British Columbia and carry interest rates ranging from 7.25% to 13.5%. Loan to value ratios vary across the Loans in the Company's portfolio, and are based on independent appraisals conducted prior to funding. All of the Loans currently in the Company's portfolio are short term Loans for periods of 12 months or less. The mortgage portfolio composition as of February 1, 2019 was as follows:

Total Mortgage Investments	\$30,411,184	
First Mortgages	\$14,511,434	48%
Second Mortgages	\$15,899,750	52%
Residential Mortgages	\$25,406,434	84%
Commercial Mortgages	\$5,004,750	16%
Other	\$0	0%
Average Loan to Value	33%	

The mortgage portfolio (based on total mortgages funded as of February 1, 2019) can be summarized in further detail as follows:

	Mortgage Type	Mortgage Position	Loan to Value	Mortgage LTV Range	Mortgage	Interest Rate
1	Residential	2nd	22%	53% to 75%	\$475,000	10.50%
2	Residential	2nd	13%	62% to 75%	\$400,000	11.00%
3	Residential	1st	65%	0% to 65%	\$573,434	9.99%
4	Residential	1st	66%	0% to 66%	\$787,500	7.50%
5	Residential	2nd	5%	60% to 65%	\$55,000	11.00%
6	Residential	2nd	14%	52% to 66%	\$175,000	10.00%
7	Commercial	1st	64%	0% to 64%	\$204,750	9.00%
8	Residential	1st	25%	0% to 25%	\$550,000	8.25%
9	Residential	2nd	18%	56% to 74%	\$375,000	10.00%
10	Residential	2nd	14%	61% to 75%	\$150,000	12.00%
11	Residential	2nd	12%	63% to 75%	\$200,000	11.00%
12	Commercial	2nd	9%	49% to 58%	\$1,000,000	11.00%
13	Residential	2nd	14%	47% to 61%	\$120,000	10.00%
14	Residential	2nd	18%	49% to 67%	\$625,000	12.00%
15	Residential	2nd	47%	29% to 76%	\$465,000	10.50%
16	Commercial	2nd	32%	34% to 66%	\$550,000	12.00%
17	Residential	1st	75%	0% to 75%	\$1,185,000	7.50%
18	Residential	2nd	20%	55% to 75%	\$450,000	9.95%
19	Residential	2nd	4%	76% to 80%	\$47,000	12.00%
20	Residential	2nd	9%	51% to 60%	\$100,000	10.00%
21	Commercial	1st	75%	0% to 75%	\$975,000	7.25%
22	Residential	2nd	13%	61% to 74%	\$375,000	10.50%

23	Residential	2nd	29%	36% to 65%	\$250,000	10.00%
24	Residential	2nd	7%	49% to 56%	\$250,000	13.00%
25	Residential	2nd	10%	47% to 57%	\$2,500,000	12.00%
26	Residential	2nd	20%	44% to 64%	\$250,000	10.25%
27	Residential	2nd	19%	58% to 77%	\$550,000	11.50%
28	Residential	1st	75%	0% to 75%	\$921,000	8.25%
29	Residential	2nd	5%	75% to 80%	\$61,500	11.75%
30	Residential	2nd	34%	26% to 60%	\$1,000,000	11.00%
31	Residential	2nd	18%	57% to 75%	\$118,750	12.00%
32	Residential	1st	75%	0% to 75%	\$705,000	8.25%
33	Residential	1st	75%	0% to 75%	\$397,500	8.25%
34	Residential	2nd	23%	38% to 61%	\$500,000	10.75%
35	Residential	1st	72%	0% to 72%	\$675,000	8.25%
36	Residential	2nd	2%	72% to 74%	\$20,000	10.50%
37	Residential	2nd	44%	31% to 75%	\$1,300,000	10.50%
38	Residential	2nd	14%	65% to 79%	\$230,000	10.50%
39	Residential	2nd	32%	40% to 72%	\$265,000	12.00%
40	Residential	1st	75%	0% to 75%	\$500,000	8.50%
41	Commercial	2nd	14%	57% to 71%	\$150,000	9.95%
42	Commercial	1st	62%	0% to 62%	\$1,000,000	9.00%
43	Residential	2nd	26%	51% to 77%	\$225,000	10.50%
44	Residential	1st	65%	0% to 65%	\$285,000	9.00%
45	Residential	2nd	13%	62% to 75%	\$300,000	10.75%
46	Commercial	2nd	21%	50% to 71%	\$150,000	10.50%
47	Residential	2nd	26%	50% to 76%	\$650,000	10.50%
48	Residential	2nd	9%	71% to 80%	\$95,000	12.00%
49	Residential	1st	40%	0% to 40%	\$2,000,000	9.00%
50	Residential	2nd	14%	61% to 75%	\$207,500	13.50%
51	Residential	1st	57%	0% to 57%	\$1,000,000	7.75%
52	Commercial	1st	71%	0% to 71%	\$975,000	9.25%
53	Residential	2nd	25%	38% to 63%	\$315,000	12.00%
54	Residential	2nd	7%	38% to 45%	\$550,000	10.00%
55	Residential	2nd	28%	45% to 73%	\$400,000	10.50%
56	Residential	1st	70%	0% to 70%	\$1,250,000	10.00%
57	Residential	1st	75%	0% to 75%	\$527,250	8.50%

The Company's dividends are paid quarterly and not guaranteed. The returns will fluctuate from year to year mainly due to the Company's ability to deploy its capital and avoid losses on its mortgage portfolio. The Company's ability to deploy its capital is influenced by the state of the Western Canada private mortgage market. The Western Canadian private mortgage market is influenced by factors such as the price of real estate, interest rates, lending competition for private mortgages, employment conditions and general economic activity. The Company's annualized return for 2018 was 9.02%.

The Company's annualized rate of return of the dividends paid to the holders of Preferred Shares for 2018 was 9.02%, which resulted in a distribution of dividends of \$1,943,277 of which \$544,675 was paid in cash from operating activities and the remaining \$1,398,602 was reinvested in Preferred Shares through the reinvestment option.

The relationship between the Company's cash flows from operating activities and profit or loss, and its historical distributed cash can be summarized in further detail as follows:

	Cash Flow:	Accumulated for the year	Previously completed fiscal years
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		ended Sept. 30, 2018	(2017)	(2016)
A.	Cash flows from operating activities	\$113,113	(\$140,211)	\$102,612
	Add back changes in mortgages receivable	\$7,781,062	\$4,904,838	\$7,354,109
		\$7,894,175	\$4,764,627	\$7,456,721
B.	Profit or loss	\$1,943,277	\$1,458,353	\$998,856
C.	Actual cash distributions paid or payable relating to the period	\$544,675	\$386,791	\$271,981
D.	Excess (shortfall) of cash flows from operating activities over cash distributions paid (A) – (C)	\$7,349,500	\$4,377,836	\$7,184,740
E.	Excess (shortfall) of profit or loss over cash distributions paid (B) – (C)	\$1,398,602	\$1,071,562	\$726,875

The Company's loss provision as of February 1, 2019 was \$Nil (September 30, 2018: \$Nil).

2.4 Long Term Objectives

The Company's long term objectives are:

- (i) to provide the holders of Preferred Shares with a return that is superior to term deposits, GICs and money market funds, with due consideration to preservation of their capital;
- (ii) to distribute income on an annual basis;
- (iii) to maintain profitability on a sustainable basis;
- (iv) to maintain the Company's status as an MIC under the Tax Act;
- (v) to carry on lending activities in Canada, but primarily in British Columbia;
- (vi) to offer Loans to suitable borrowers who may need slightly more financing than larger institutional lenders may from time to time be willing to provide; and
- (vii) to expand the assets of the Company to a value exceeding \$25,000,000 while maintaining a minimum annualized rate of return to investors of 6% to 8%, while maintaining a mortgage portfolio weighted average loan to value ratio of less than 80%.

The Company expects to complete subscriptions for Preferred Shares in the aggregate of approximately \$25,000,000 subscriptions on an annual basis and to invest the net subscription funds in Mortgages as such funds are received. The Company will incur costs in connection with the Offering and in administering and placing Mortgages, which costs are expected to remain consistent with historical costs as shown on the Company's financial statements. The Company's income will primarily consist of interest received on the Mortgages, less the administration fee pursuant to the Administrative and Services Agreement. Subject to future events which may have an impact on the timing of such decisions, it is the current intention of the board of directors of the Company to continue operations for an indefinite period of time.

2.5 Short Term Objectives and How the Company Intends to Achieve Them

The Company's business objectives for the next 12 months are to complete the offering of up to 25,000,000 Preferred Shares pursuant to this Offering Memorandum and to invest the net subscription proceeds thereof in Loans secured by Mortgages. It is the intention of the Company that the net subscription proceeds of the Offering will be invested as quickly as is reasonably possible pursuant to the investment policies, to raise further equity capital and to optimize returns. The Company intends to meet the following objectives for the next 12 months as follows:

What we must do and how we must do it	Target completion date or if not known, number of months to complete	Our cost to complete
<p>Raise at least \$25,000,000 to fund further investments in mortgage Loans</p> <p>Provide Preferred Shareholders with sustainable income while preserving capital for distribution or re-investment by investing in Mortgages.</p>	<p>Since the Company has an ongoing investment program, there is no target completion date for its business plan.</p>	<p>Our costs to carry out our investment program generally consist of administration fees.</p>

2.6 Insufficient Funds

The funds available as a result of the Offering may not be sufficient to accomplish all of the Company's proposed objectives and there is no assurance that alternative financing will be available.

2.7 Material Agreements

The following agreements are material to this Offering and to the Company, which are currently in effect:

Administrative and Services Agreement

A summary of the material provisions of the Administrative and Services Agreement, dated February 1, 2015, between the Company and the Administrator, which does not purport to be complete, is discussed above under "2.2 The Company's Business – Administration Services Provider".

A copy of the Administrative and Services Agreement referred to above may be inspected during normal business hours at the registered and records office of the Company at Royal Centre, 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7.

Agreement with Centum Axis Mortgage Corp.

On April 20, 2012, the Company and the Administrator entered into an agreement with Centum Axis Mortgage Corp. (“**Centum**”), whereby the parties confirmed the agreement that Centum will be entitled to 50% of any brokerage fees for transactions originated by Centum that are funded by the Company and that the Administrator or the Company, as the case may be, will be entitled to the other 50% of any brokerage fees. Centum’s involvement with the Company shall be as originating broker for certain transactions and Centum is not obligated to direct all of its transactions to the Company.

Centum is a related party to the Company and the Administrator as Mr. Barinder Sekhon is a director of all three entities.

ITEM 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The Company

The following table sets out information about each director, officer and promoter of the Company and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Company (a “**principal holder**”).

NAME AND MUNICIPALITY OF PRINCIPAL RESIDENCE ⁽¹⁾	POSITIONS HELD (E.G. DIRECTOR, OFFICER, PROMOTER AND/OR PRINCIPAL HOLDER) AND THE DATE OF OBTAINING THAT POSITION	COMPENSATION PAID BY THE COMPANY (i) IN THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND (ii) ANTICIPATED TO BE PAID IN THE CURRENT FINANCIAL YEAR	NUMBER, TYPE AND PERCENTAGE OF SECURITIES OF THE COMPANY HELD ⁽²⁾ AFTER COMPLETION OF MINIMUM OFFERING	NUMBER, TYPE AND PERCENTAGE OF SECURITIES OF THE COMPANY HELD ⁽²⁾ AFTER COMPLETION OF MAXIMUM OFFERING
Barinder Sekhon Surrey, B.C.	Principal Holder Director and President of the Company November 3, 2011	(i) \$11,537 (ii) \$25,000	150 Common Shares (25%) 229,443.73 Preferred Shares ⁽³⁾ (0.75%)	150 Common Shares (25%) 229,443.73 Preferred Shares ⁽³⁾ (0.40%)
Gurpinder Lally Surrey, B.C.	Principal Holder Director of the Company March 2, 2012	(i) \$11,537 (ii) \$25,000	150 Common Shares (25%) 808,918.35 Preferred Shares ⁽⁴⁾ (2.65%)	150 Common Shares (25%) 808,918.35 Preferred Shares ⁽³⁾ (1.57%)
Lakhbir Toor Delta, B.C.	Principal Holder Director and Treasurer of the Company November 3, 2011	(i) \$11,537 (ii) \$25,000	150 Common Shares (25%) 194,803.10 Preferred Shares ⁽⁵⁾ (0.64%)	150 Common Shares (25%) 194,803.10 Preferred Shares ⁽⁵⁾ (0.35%)
Sukhvir Gill Pitt Meadows, B.C.	Principal Holder Director and Vice-President of the Company November 3, 2011	(i) \$11,537 (ii) \$25,000	150 Common Shares (25%) 681,882.39 Preferred Shares ⁽⁶⁾ (2.23%)	150 Common Shares (25%) 681,882.39 Preferred Shares ⁽⁶⁾ (1.23%)

Notes:

- (1) Information as to municipality of residence has been provided by the individual directors and promoters.
- (2) Directly or indirectly
- (3) This figure includes 1,148.21 Preferred Shares held directly by Barinder Sekhon and 229,443.73 Preferred Shares held by 1014853 B.C. Ltd., which is controlled by Barinder Sekhon.
- (4) This figure includes 700,333.93 Preferred Shares held directly by Gurpinder Lally, 26,249.59 Preferred Shares held by Gurpinderjit S. Lally, Inc., which is controlled by Gurpinder Lally, and 82,334.83 Preferred Shares held by 1014397 B.C. Ltd., which is controlled by Gurpinder Lally.
- (5) This figure includes 37,371.48 Preferred Shares, 42,346.96 Preferred Shares and 23,750.33 Preferred Shares held by Lakhbir Toor's daughters, Priya Toor, Syra Toor and Aaliyah Toor, respectively, over which Lakhbir Toor has control or direction, 60,969.96 Preferred Shares held by SPLASH Investments Ltd., which is controlled by Lakhbir Toor, and 30,364.37 Preferred Shares held jointly by Lakhbir Toor and Sonia Toor, Lakhbir Toor's wife.
- (6) This figure includes 120,271.56 Preferred Shares held directly by Sukhvir Gill and 561,610.83 Preferred Shares held by 1014371 B.C. Ltd., which is controlled by Sukhvir Gill.

3.2 Management Experience

The following table sets out the principal occupations of the directors and senior officers of the Company over the past five years and any relevant experience in a business similar to the Company's:

Name	Principal occupation and related experience
Barinder Sekhon, Mortgage Broker <i>Director and President of the Company</i>	<p>Mr. Sekhon has over 14 years of real estate finance experience in the residential, private and commercial market place. Over the last 14 years, Mr. Sekhon has arranged and funded millions of dollars in private mortgages with his investor database. With an excellent track record and extensive experience in the private lending industry, he has provided a competitive rate of return for his private lenders and investors.</p> <p>Mr. Sekhon is a licensed Mortgage Broker with FICOM, an Accredited Mortgage Professional with CAAMP and a member of the Mortgage Brokers Association of BC. He is also a A+ member with the Better Business Bureau of BC for the last 4yrs and has an excellent reputation within the mortgage brokerage community in the Lower Mainland.</p>
Gurpinder Lally, Accountant <i>Director of the Company</i>	<p>Mr. Lally is a Chartered Accountant and is currently a partner with an accounting firm in Surrey, B.C. Throughout his work experience, Mr. Lally has provided assurance and taxation services to clients in a wide array of industries. Currently, Mr. Lally provides accounting, assurance, taxation and business advisory services to private companies and individuals. Mr. Lally has been managing the accounting of the Company and advising on such matters as dividend policy. Mr. Lally is on the lending committee of the Company being involved in the review process of credit applications.</p>
Lakhbir Toor, Accountant <i>Director and Treasurer of the Company</i>	<p>Mr. Toor is a Chartered Accountant and is currently a partner with an accounting firm in Surrey, B.C. His primary area of practice revolves around tax planning and tax compliance work for small to medium sized owner manager and family owned businesses including incorporated professionals. Mr. Toor has a special interest in real estate investment corporations and has been working with real estate investors for the past seven years in the capacity of investment and tax advisory. Mr. Toor has been managing the accounting of the Company and advising on such matters as dividend policy. Mr. Toor is on the lending committee of the Company being involved in the review process of credit applications.</p>
Sukhvir Gill, Businessperson <i>Director and Vice-President of the Company</i>	<p>Mr. Gill a Certified General Accountant and is currently a principal with an accounting firm in Surrey, B.C. He has provided accounting, assurance, taxation and business advisory services to various owner managed businesses over the years. Mr. Gill has a special interest and broad experience in dealing with non-profit organizations and registered charities. Currently, Mr. Gill with</p>

	his years of public practice experience, services clients from many different industries. Mr. Gill has been managing the accounting of the Company and advising on such matters as dividend policy. Mr. Gill is on the lending committee of the Company being involved in the review process of credit applications.
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3.3 Penalties, Sanctions and Bankruptcy

- (a) There has been no penalty or sanction that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years, against:
- (i) a Director, executive officer or control person of the Company; or
 - (ii) an issuer of which a person referred to in 3.3(a)(i) above was a director, executive officer or control person at that time.
- (b) There has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any:
- (i) Director, executive officer or control person of the Company; or
 - (ii) issuer of which a person referred to in 3.3(b)(i) above was a director, executive officer or control person at that time.

3.4 Loans

The Company presently has no outstanding loans or debentures. There are no debentures or loans due to or from the directors, management, promoters or principal holders of the Company.

ITEM 4 CAPITAL STRUCTURE

4.1 Capital Structure

The following are the details of the capitalization of the Corporation at February 1, 2019:

DESCRIPTION OF SECURITY	NUMBER AUTHORIZED TO BE ISSUED	NUMBER OUTSTANDING AS AT February 1 2018	NUMBER OUTSTANDING AFTER MINIMUM OFFERING	NUMBER OUTSTANDING AFTER MAXIMUM OFFERING
Class "A" Common Voting Shares ⁽¹⁾	Unlimited	600	600	600
Class "B" Preferred Shares ⁽²⁾	Unlimited	30,524,162 ⁽³⁾	30,524,162 ⁽⁴⁾	55,524,162 ⁽⁴⁾

Notes:

- (1) The common shares are voting but non-participating. The issued common shares are not subject to calls, assessments, pre-emptive rights or conversion rights. There are no provisions attached to such shares for redemption, cancellation, surrender, sinking funds or purchase funds. There are 4 holders of the common shares of the Company which include Barinder Sekhon, Gurbinder Lally, Lakhbir Toor, and

Sukhvir Gill who hold in aggregate 600 common shares of the Company. Only the holders of common shares are entitled to vote in respect of each common share held at all meetings of the shareholders of the Company.

- (2) Complete details of the attributes and characteristics of the Class "B" Preferred Shares are set forth under the heading "Terms of Preferred Shares".
- (3) The Class "B" Preferred Shares were issued at a price of \$1.00 per Class "B" Preferred Share.
- (4) Assuming a minimum Offering of nil Class "B" Preferred Shares and a maximum Offering of 25,000,000 Class "B" Preferred Shares.

4.2 Long Term Debt

The Company presently has no long term debt. However, in the future the Company may maintain a line of credit secured by a general pledge of Mortgage with a Canadian chartered bank or credit union.

4.3 Prior Sales

Within the last 12 months, the Company has issued the following Preferred Shares:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
December 8, 2017	Preferred Shares	1,080,160.00	\$1.00	\$1,080,160.00
December 31, 2017	Preferred Shares	287,251.54	\$1.00	\$287,251.54
January 26, 2018	Preferred Shares	915,500.00	\$1.00	\$915,500.00
March 5, 2018	Preferred Shares	1,857,619.00	\$1.00	\$1,857,619.00
March 8, 2018	Preferred Shares	290,000.00	\$1.00	\$290,000.00
March 31, 2018	Preferred Shares	322,916.83	\$1.00	\$322,916.83
April 4, 2018	Preferred Shares	100,000.00	\$1.00	\$100,000.00
April 6, 2018	Preferred Shares	143,683.00	\$1.00	\$143,683.00
April 12, 2018	Preferred Shares	44,752.00	\$1.00	\$44,752.00
April 27, 2018	Preferred Shares	115,423.00	\$1.00	\$115,423.00
May 1, 2018	Preferred Shares	500,000.00	\$1.00	\$500,000.00
May 30, 2018	Preferred Shares	348,904.00	\$1.00	\$348,904.00
June 28, 2018	Preferred Shares	328,773.00	\$1.00	\$328,773.00
June 30, 2018	Preferred Shares	379,563.38	\$1.00	\$379,563.38
July 31, 2018	Preferred Shares	1,231,895.00	\$1.00	\$1,231,895.00
August 2, 2018	Preferred Shares	76,500.00	\$1.00	\$76,500.00
August 3, 2018	Preferred Shares	300,000.00	\$1.00	\$300,000.00
August 7, 2018	Preferred Shares	10,000.00	\$1.00	\$10,000.00
September 7, 2018	Preferred Shares	207,465.00	\$1.00	\$207,465.00
September 12, 2018	Preferred Shares	350,000.00	\$1.00	\$350,000.00
September 30, 2018	Preferred Shares	408,870.24	\$1.00	\$408,870.24
October 1, 2018	Preferred Shares	3,199,000.00	\$1.00	\$3,199,000.00
October 30, 2018	Preferred Shares	47,098.00	\$1.00	\$47,098.00
November 2, 2018	Preferred Shares	6,925.00	\$1.00	\$6,925.00
November 26, 2018	Preferred Shares	365,488.00	\$1.00	\$365,488.00
December 6, 2018	Preferred Shares	581,623.00	\$1.00	\$581,623.00
December 18, 2018	Preferred Shares	300,000.00	\$1.00	\$300,000.00
December 19, 2018	Preferred Shares	189,409.00	\$1.00	\$189,409.00
December 31, 2018	Preferred Shares	538,201.49	\$1.00	\$538,201.49
January 18, 2019	Preferred Shares	217,186.00	\$1.00	\$217,186.00

Within the last two fiscal years, the Company has redeemed the following Preferred Shares.

Date of redemption	Type of security redeemed	Number of securities redeemed	Price per security	Total funds paid
October 1, 2015	Preferred Shares	21,690	\$1.00	\$21,690
October 7, 2015	Preferred Shares	100,000	\$1.00	\$100,000
October 13, 2015	Preferred Shares	120,000	\$1.00	\$120,000

Date of redemption	Type of security redeemed	Number of securities redeemed	Price per security	Total funds paid
October 19, 2016	Preferred Shares	606,896.72	\$1.00	\$606,896.72
November 24, 2016	Preferred Shares	172,151.84	\$1.00	\$172,151.84
December 29, 2016	Preferred Shares	398,464.84	\$1.00	\$398,464.84
January 23, 2017	Preferred Shares	605,000.00	\$1.00	\$605,000.00
February 20, 2017	Preferred Shares	1,567,081.35	\$1.00	\$1,567,081.35
March 31, 2017	Preferred Shares	1,160,711.00	\$1.00	\$1,160,711.00
May 15, 2017	Preferred Shares	948,865.15	\$1.00	\$948,865.15
June 05, 2017	Preferred Shares	7,813.16	\$1.00	\$7,813.16
August 08, 2017	Preferred Shares	105,780.14	\$1.00	\$105,780.14
September 07, 2017	Preferred Shares	300,000.00	\$1.00	\$300,000.00
September 28, 2017	Preferred Shares	202,751.80	\$1.00	\$202,751.80
October 01, 2017	Preferred Shares	158,648.08	\$1.00	\$158,648.08
October 12, 2017	Preferred Shares	654,880.61	\$1.00	\$654,880.61
October 30, 2017	Preferred Shares	341,439.84	\$1.00	\$341,439.84
November 27, 2017	Preferred Shares	510,000.00	\$1.00	\$510,000.00
January 11, 2018	Preferred Shares	164,755.24	\$1.00	\$164,755.24
March 13, 2018	Preferred Shares	681,990.63	\$1.00	\$681,990.63
March 28, 2018	Preferred Shares	56,029.86	\$1.00	\$56,029.86
June 4, 2018	Preferred Shares	41,297.56	\$1.00	\$41,297.56
July 7, 2018	Preferred Shares	365,000.00	\$1.00	\$365,000.00
August 8, 2018	Preferred Shares	1,524,000.00	\$1.00	\$1,524,000.00
September 17, 2018	Preferred Shares	13,819.38	\$1.00	\$13,819.38
November 13, 2018	Preferred Shares	80,130.15	\$1.00	\$80,130.15
December 24, 2018	Preferred Shares	165,710.44	\$1.00	\$165,710.44
January 28, 2019	Preferred Shares	44,948.80	\$1.00	\$44,948.80

During its most recently completed financial year ended September 30, 2018, the Company received requests to redeem 4,511,861.12 Preferred Shares. In addition, subsequent to the fiscal year ended September 30, 2018, the Company received requests to redeem 290,789.39 Preferred Shares. The Company honored all of these redemptions and redeemed an aggregate of 4,802,650.51 Preferred Shares. The Company used funds available from current operations and from proceeds from the issuance of Preferred Shares to honor these redemptions.

During the financial year ended September 30, 2017, the Company received requests to redeem 6,075,516.00 Preferred Shares. The Company honored all of these redemptions and redeemed an aggregate of 6,075,516.00 Preferred Shares. The Company used funds available from current operations and from proceeds from the issuance of Preferred Shares to honor these redemptions.

ITEM 5 SECURITIES OFFERED

5.1 Terms of Preferred Shares

The Company is offering up to 25,000,000 Preferred Shares at a \$1.00 per Preferred Share. Subscribers must subscribe for an initial minimum of 5,000 Preferred Shares, and thereafter, the Company will permit subscriptions in increments of less than 5,000 Preferred Shares, including single Preferred Shares.

On February 15, 2019, the Company applied on behalf of Metropointe Capital Inc., a related entity, to act as the Company's exempt market dealer to sell its Preferred Shares pursuant to exemptions from the prospectus requirements. Therefore, pursuant to the transition provision under CSA Staff Notice 32-302, the Company is able to continue to rely upon the exemption from the dealer registration requirements for

mortgage investment entities provided by BCI 32-517 until Metropointe Capital Inc.'s application for registration as an exempt market dealer is accepted or rejected. Prior to acceptance or rejection of Metropointe Capital Inc.'s application for registration as an exempt market dealer, both the dealer and its representatives may not be registered with a securities regulatory authority in accordance with NI 31-103 and are prohibited from providing suitability advice about the purchase of the Preferred Shares by the Subscriber. If the Preferred Shares are sold by an unregistered dealer, the Subscriber has provided its acknowledgement of this by executing and delivering to the Company a Risk Acknowledgement Form in the form attached as Schedule "B" to this Offering Memorandum.

After the acceptance or rejection of Metropointe Capital Inc.'s application for registration as an exempt market dealer, the Preferred Shares must be sold by a registered securities dealer or exempt market dealer that is registered with the securities regulatory authority in the applicable jurisdiction, which is engaged by the Company to sell its Preferred Shares. If Metropointe Capital Inc.'s application is accepted, then the Company will retain Metropointe Capital Inc. as its exempt market dealer to sell its Preferred Shares.

The Preferred Shares have a par value of \$1.00 and have the following material terms:

Voting

The Preferred Shares are non-voting and the holders of the Preferred Shares are not entitled to receive notice of or to attend any general meetings of the shareholders of the Company.

Dividends

Subject to the terms of the Articles of the Company, each Preferred Share entitles its registered holder to participate on a pro rata basis with the other Preferred Shareholders in dividends as determined by the Board of Directors. The Preferred Shares shall rank in priority to the Common Shares in respect to the payment of dividends. The amount of dividends declared and paid by the Company shall not exceed the amount that pursuant to clause 130.1(1)(a)(i) of the Tax Act is deductible in computing the Company's income for the year and up to twice the amount that pursuant to clause 130.1(1)(a)(ii) of the Tax Act is deductible in computing the Company's income for the year. Any distributions made by way of dividends declared on the issued and outstanding Preferred Shares will be subject to the provisions of the *Business Corporations Act* (British Columbia).

Such dividends, if any, will be declared and paid within 90 days of the end of such fiscal year. However, the Board of Directors may determine to declare dividends at the end of every fiscal quarter, and such dividends, if declared, will be paid within 30 days of each fiscal quarter end. Preferred Shareholders may elect to receive such dividends as cash or reinvested as additional shares. Dividends reinvested as additional shares will qualify for dividend entitlement for the entire year and dividends taken as cash will not be eligible for further dividend or interest consideration.

For greater certainty, although the Company intends to pay dividends on the applicable Dividend Payment Date, each distribution declared pursuant to the Articles of the Company constitutes a binding obligation of the Company on the applicable calculation date. To the extent distributions are calculated in respect of a period and payable at the end of such period, if for any reason, including the dissolution or winding up of the Company, such period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened period and be payable at the end of such shortened period.

The Company intends to distribute all of the net income and net realized capital gains, if any, of the Company to Preferred Shareholders by way of dividends, so that the Company will not be liable to pay income tax pursuant to the Tax Act during any year.

Liquidation or Winding Up

The holders of the Preferred Shares shall, on a winding up or liquidation of the Company, be entitled to receive a sum equal to the par value of each Preferred Share together with all dividends declared and unpaid thereon in priority to any distribution to the holders of any other shares in the capital of the Company. Once such prior distribution has been made to the holders of the Preferred Shares and once a distribution equal to the par value of each Common Share issued and outstanding has been made to the holders of the Common Shares in accordance with the Articles of the Company, the holders of the Preferred Shares shall be entitled to participate equally with the holders of the Common Shares in any further distributions of the assets of the Company pro rata in accordance with the number of Preferred Shares held.

Redemption Rights

A person may, subject to the provisions of the *Business Corporations Act* (British Columbia), give to the Company irrevocable notice ("Redemption Notice") that he wishes to redeem pursuant to the provisions of the Articles of the Company, any or all of the Preferred Shares owned by him or his eligible owner. The Redemption Notice shall be sent by registered mail or delivered to the registered office of the Company. The Company shall within eighteen (18) months after receipt of the Redemption Notice, purchase each applicable Preferred Share for an amount equal to the Redemption Amount.

The Redemption Amount for a Preferred Share shall be the sum of money equal to the net book value of that Preferred Share at the date of determination of the Redemption Amount plus all dividends declared and unpaid on the Preferred Share, provided, however, that if the most recent balance sheet of the Company as at such date of determination reported a deficit, the Redemption Amount shall be a sum of money equal to the par value of the Preferred Share plus all dividends declared and unpaid on the Preferred Share at the date of determination of the Redemption Amount, less a sum equal to the amount of such reported deficit divided by the number of Preferred Shares and Common Shares issued and outstanding at the date of the balance sheet upon which such deficit was reported. A Redemption Amount per Preferred Share shall be determined on the basis of the year-end statements for the year in which the Redemption Notice was received by the Company.

A redemption in accordance with Articles of the Company shall only be effected by the Company if the Company is not insolvent at the time that the redemption is to be effected and if the redemption would not render the Company insolvent and if such redemption does not affect the Company's status as a MIC under the terms of the Tax Act. The provisions of the first paragraph above under the heading "Redemption Rights" do not apply if the Redemption Notice does not set out all the Preferred Shares owned by a person or his eligible owners. A valid Redemption Notice may not be withdrawn without the consent of the Board of Directors of the Company.

Upon payment in full of the Redemption Amount being made by the Company, the Preferred Shares specified in the Redemption Notice shall be redeemed and the certificate representing such shares shall be cancelled. If only a part of the shares represented by any certificate be redeemed, a new certificate for the balance of shares shall be issued at the expense of the holder. From and after the date of delivery of the Redemption Notice, the holder of the Preferred Shares specified for redemption in the Redemption Notice shall continue to be entitled to dividends and shall continue to be entitled to any other rights in respect of such share until payment in full of the Redemption Amount, at which time all rights in respect of such share shall become null and void. If payment in full of the Redemption Amount shall not be made by the Company, the rights of the holder of such shares shall remain unimpaired.

On Death of a Shareholder

Where a Preferred Shareholder dies and leaves no surviving spouse, the Company shall, within 90 days after the end of the fiscal year of the Company in which the death of such Preferred Shareholder occurred,

and subject to the provisions of the *Business Corporations Act* (British Columbia), redeem all the Preferred Shares held by such deceased Preferred Shareholder by paying the “Redemption Amount” for each Preferred Share to such holders estate or his eligible owner.

Upon payment in full of the Redemption Amount referred to immediately above being made by the Company, the Preferred Shares owned by the estate of the deceased shareholder or held by the eligible owner of the deceased shareholder, shall be redeemed and any certificate representing such shares shall be cancelled.

Certificates

The Company has appointed Valiant Trust Company, which was acquired by Computershare Canada in 2015, as its registrar and transfer agent pursuant to a Registrar and Transfer Agent and Dividend Disbursing Agent Agreement, dated February 6, 2012, whereby the Company has determined to have Computershare issue Preferred Shares in book entry form under the Direct Registration System (“**DRS**”) and all book entries are to be evidenced by DRS account statements issued to the applicable shareholder of Preferred Shares. No physical share certificates for Preferred Shares will be issued.

Constraints on Transferability

Except as where necessary to comply with the Articles of the Company, no Preferred Shares shall be transferred without the consent of the Directors expressed by a resolution of the Board of Directors and the directors may at any time in their absolute discretion decline to register any proposed transfer and shall not be required to disclose their reasons therefore.

The foregoing provision shall not apply in respect of any transfer or transfers by any person of his Preferred Shares to an eligible owner or the eligible owner of a person’s spouse or the transfer of Preferred Shares held by his eligible owner to the eligible owner of his spouse and no transfer of Preferred Shares will be authorized unless the shareholders’ Common Shares, if any have been issued, are transferred to or redeemed by the Company.

The Directors shall not consent to or approve a transfer of shares or cause the Company to allot, issue, sell, purchase or redeem shares unless immediately following said transfer, allotment, issue, sale, purchase or redemption, no one shareholder would hold more than 25% of the issued Preferred Shares in the capital stock of the Company and the number of (Common or Preferred) shareholders of the Company would not be reduced to less than 20, except that for the purpose of computing the number of shareholders of the Company only issued (Common or Preferred) shares shall be counted and that nothing in this paragraph shall prevent the Directors from giving their consent or approval to any transfer, allotment, issue, sale, purchase or redemption of shares which would not have the effect in the opinion of the Directors of disqualifying the Company as a MIC under the Tax Act.

See also Item 10 – “Resale Restrictions” for further restrictions on transferability of the Company’s Preferred Shares.

5.2 Subscription Procedure

The Preferred Shares are being offered for sale in the Province of British Columbia pursuant to applicable securities legislation. The Preferred Shares are conditionally offered if, as and when subscriptions are accepted by the Company and subject to prior sale. Subscriptions for Preferred Shares will be received by the Company subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Company may terminate this offering at any time. Closings may occur from time to time as determined by the Company.

The minimum initial investment in the Company is \$5,000. The minimum subsequent investment in the Company for existing Preferred shareholders is \$5,000. The Company reserves the right to change the minimum amount at any time and from time to time.

Subscriptions may be sent to the Company at its principal office or such other address as specified by the Company by courier or telecommunication facilities.

The subscription price is payable upon subscription pursuant to the terms of the applicable subscription agreement(s), by certified cheque or bank draft in the amount of \$1.00 per Preferred Share subscribed for, payable to "Metropointe Mortgage Investment Corporation". No financing of the subscription price will be provided by the Company.

Each prospective and qualified investor who desires to subscribe for Preferred Shares must:

- (a) complete and sign the form of subscription agreement prescribed by the Company from time to time (the "Subscription Agreement") specifying the number of Preferred Shares being subscribed for (the Company reserves the right to use different forms of Subscription Agreements for different investors);
- (b) complete and sign two copies of the Form 45-106F4 — Risk Acknowledgement in the form attached to this Offering Memorandum as Schedule "A";
- (c) complete and sign two copies of the Risk Acknowledgement under BCI 32-517 in the form attached to this Offering Memorandum as Schedule "B". ***This requirement is only applicable until Metropointe Capital Inc.'s application for registration as an exempt market dealer is accepted or rejected;***
- (d) if the investor is an "accredited investor" as defined in NI 45-106, complete and sign the accredited investor questionnaire attached to the Subscription Agreement;
- (e) deliver payment of the subscription price for the Preferred Shares subscribed for to the Corporation by certified cheque or bank draft acceptable to the Company; and
- (f) deliver to the Company the Subscription Agreement, Risk Acknowledgments and any other forms, declarations and documents as may be required by the Company to complete the subscription.

The Company will hold the subscription amount in trust until midnight on the second business day after the day on which the signed Subscription Agreement is received. The Company will return all consideration to the subscriber if it exercises the right to cancel the Subscription Agreement within the prescribed time.

Upon acceptance, the subscription price for the Preferred Shares will be deposited in a designated bank account. Upon the Preferred Shares having been issued, the subscription price will be made available to the Company for use in its business as set out in this Offering Memorandum. Confirmation of the acceptance of a subscription will be forwarded by the Company to the subscriber.

The Company is not obligated to accept any subscriptions, and will reject any subscription which the Company considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Company will notify the investor and will return to the subscriber the subscription funds comprising such subscription, without interest.

The Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended, and subject to certain exceptions, may not be offered or sold in the United States.

Qualified Investors

The Company is offering for sale 25,000,000 Preferred Shares on a continuous basis in the Province of British Columbia by way of private placement.

The offering is being conducted in the Province of British Columbia pursuant to the exemptions from the prospectus requirements afforded by Sections 2.9, 2.3, 2.5 and/or 2.10 of NI 45-106.

- The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors in British Columbia, purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in the prescribed form.
- The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors in British Columbia purchasing as principal and who are “accredited investors” as defined in NI 45-106.
- The exemption pursuant to Section 2.5 of NI 45-106 is available for distributions to investors in British Columbia purchasing as principal who are “family, friends and business associates” as set out in Section 2.5 of NI 45-106.
- The exemption pursuant to Section 2.10 of NI 45-106 is available for distributions to investors in British Columbia who are not individuals and who are purchasing as principal and acquiring Preferred Shares with an acquisition cost to the Subscriber of not less than \$150,000 paid in cash at the time of Closing.

The foregoing exemptions relieve the Company from the provisions of the applicable securities laws of the Province of British Columbia which otherwise would require the Company to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Preferred Shares will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Trading and Resale Restrictions

This offering of Preferred Shares is made only on a private placement basis to investors who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. **There is no market for the Preferred Shares. The transferability of the Preferred Shares will also be subject to resale restrictions under applicable securities laws.** The Company will be entitled to require and may require, as a condition of allowing any transfer of any Preferred Share, the transferor or transferee, at their expense, to furnish to the Company evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Company) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

The Company is not a reporting issuer in any of the Provinces of Canada and does not intend to become a reporting issuer in any Province of Canada. The Preferred Shares will be subject to resale restrictions under applicable securities laws which restrict the transfer of Preferred Shares. Notwithstanding such resale restrictions, and subject to approval by the Company, investors will be able to transfer Preferred Shares to another person pursuant to another exemption from the prospectus and registration requirements of applicable securities laws, or pursuant to an order permitting such trade granted by applicable securities regulatory authorities.

This Offering Memorandum and all subscription documents should be reviewed by prospective Subscribers and their professional advisers prior to subscribing for Preferred Shares.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP / TFSA ELIGIBILITY

Caution

Subscribers should consult with their own tax advisor regarding the income tax consequences of acquiring, holding and disposing of the Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

6.1 General

In the opinion of management of the Company, the following sets out a summary of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares by a Subscriber who, at all relevant times, is a resident of Canada, deals with the Company at arm's length, and who acquires and holds the Preferred Shares as capital property. Subscribers to whom the Preferred Shares might not constitute capital property may elect, in certain circumstances, to have such property treated as capital property by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to any Preferred Shareholder which is a "financial institution" as defined in section 142.2 of the Tax Act, or to any holder of Preferred Shares an interest in which is a "tax shelter investment" for the purposes of the Tax Act.

This summary is based upon the current provisions of the Tax Act, the regulations made under the Tax Act (the "Tax Regulations"), all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Offering Memorandum and the current published administrative practices of Canada Revenue Agency. This summary assumes that all such tax proposals will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, government or judicial action and does not take into account tax legislation or considerations of any province, territory or foreign jurisdiction.

You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. It is not intended to be and should not be interpreted as legal or tax advice to any particular subscriber. You should consult with your own tax advisor regarding the income tax consequences to you of acquiring, holding and disposing of the Preferred Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

6.2 Status as a Mortgage Investment Company

This summary is based on the assumption that the Company qualifies as a mortgage investment corporation under the Tax Act. The Company will qualify as a mortgage investment corporation throughout a taxation year of the Company if throughout that taxation year:

- (a) the Company is a Canadian Company as defined in the Tax Act;
- (b) the Company's only undertaking is the investing of funds and it did not manage or develop any Real Property;
- (c) no debts are owed to the Company that are secured on Real Property situated outside of Canada;

- (d) no debts are owed to the Company by non-residents, other than debts secured on Real Property situated in Canada;
- (e) the Company does not own shares of any company not resident in Canada;
- (f) the Company does not own Real Property located outside of Canada or any leasehold interest in such property;
- (g) the Company has at least 20 shareholders (except that the Company is deemed to comply with this requirement throughout its first taxation year if it complies with it on the last day of its first taxation year);
- (h) no person is a “specified shareholder” of the Company, as that term is defined in subsection 248(1) of the Tax Act and modified by paragraph 130.1(6)(d) of the Tax Act, which generally means a person who alone or together with the person’s spouse, children under the age of 18, and other related parties, owns more than 25% of the issued shares of any class of the Company;
- (i) any Holders of preferred shares of the Company have a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the Common Shares to participate pari passu with the holders of common shares in any further payment of dividends;
- (j) the cost amount of the Company’s property represented by Loans on houses or on property included within a housing project (as those terms are defined in the National Housing Act), together with cash on hand and deposits with a bank or any other lender whose deposits are insured by the Canada Deposit Insurance Company or a credit union, (collectively, the “Qualifying Property”) is at least 50% of the cost amount to it of all of its property;
- (k) the cost amount of Real Property (including leasehold interests therein but excluding Real Property acquired as a consequence of foreclosure or defaults on a mortgage held by the Company) owned by the Company does not exceed 25% of the cost amount to it of all of its property; and
- (l) where at any time in the year the cost amount to the Company of its Qualifying Property is less than 2/3 of the cost amount to it of all of its property, the Company’s liabilities throughout the year do not exceed three times the amount by which the cost amount to it of all of its property exceed its liabilities, or, where throughout the taxation year the cost amount to the Company of its Qualifying Property equals or exceeds 2/3 of the cost amount of all of its property, the Company’s liabilities do not exceed five times the amount by which the cost amount to it of all of its property exceed its liabilities.

It is intended, and this summary assumes, that these requirements will be satisfied so that the Company will qualify as a mortgage investment corporation at all relevant times. If the Company were not to qualify as a mortgage investment corporation, the income tax consequences would be materially different from those described below.

6.3 Taxation of the Company

As a mortgage investment corporation, the Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Company in computing its income for the preceding year. As a mortgage investment corporation is deemed to be a public company the Company cannot pay capital dividends. However, a

mortgage investment corporation may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct a portion of such dividend from its taxable income. As discussed below, a capital gains dividend is taxed in the hands of a Preferred Shareholder as a capital gain arising from a notional disposition of capital property. The combination of the Company's deduction for capital gains dividends and the Preferred Shareholder's deemed capital gain will allow the Company to flow capital gains through to a Preferred Shareholder on a tax efficient basis. As it is deemed to be a public company, the Company will be subject to tax at the highest corporate rates. However, the Company intends to declare dividends and capital gains dividends each year in sufficient amounts to reduce its taxable income to nil.

6.4 Taxation of Preferred Shareholders

Dividends other than capital gains dividends which are paid by the Company on the Preferred Shares will be included in the income of a Preferred Shareholder as interest. Capital gains dividends received by a Preferred Shareholder will be treated as a realized capital gain, and will be subject to the general rules relating to the taxation of capital gains. The normal gross-up and dividend tax credit rules do not apply to dividends paid on Preferred Shares to individuals and trusts, and corporate holders of the Preferred Shares will not be entitled to deduct the amount of any dividends paid on their Preferred Shares from their taxable income.

The cost to a Subscriber of Preferred Shares acquired pursuant to the Offering will equal the purchase price of the Preferred Shares plus the amount of any other reasonable costs incurred in connection therewith. This cost will be averaged with the cost of all other Preferred Shares held by the Preferred Shareholder to determine the adjusted cost base of each Preferred Share.

A disposition or a deemed disposition of Preferred Shares (other than to the Company) will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Preferred Shares exceed (or are exceeded by) the adjusted cost base of the Preferred Shares and the disposition costs. Amounts paid by the Company on the redemption or acquisition by it of a Preferred Share, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Company on the redemption or acquisition of a Preferred Share which is in excess of the paid-up capital of such Preferred Share will be deemed to be a dividend and will be included in the income of a holder of Preferred Shares, in accordance with the rules described above.

Fifty percent of any capital gain realized by a Preferred Shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the Preferred Shareholder's income under the Tax Act as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the Preferred Shareholder in that year, in the three preceding taxation years or in any subsequent taxation year.

The taxable capital gains realized by a Preferred Shareholder that is an individual may give rise to alternative minimum tax depending upon the Preferred Shareholder's circumstances. A Preferred Shareholder that is a "Canadian-Controlled Private Corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10 $\frac{2}{3}$ % on certain investment income, including amounts in respect of interest and taxable capital gains. The 10 $\frac{2}{3}$ % tax is to be added to such Preferred Shareholder's refundable dividend tax on-hand account and will be eligible for refund at a rate of \$1.15 for every \$3.00 of dividends paid by such Preferred Shareholder.

6.5 Eligibility for Investment by Deferred Plans

The Preferred Shares will be qualified investments for a trust governed by a registered retirement savings plan ("RRSP"), registered educational savings plan ("RESP"), deferred profit sharing plan ("DPSP"), registered retirement income fund ("RRIF"), or tax-free savings account ("TFSA") (collectively, a

“Deferred Plan”) at a particular time if the Company qualifies as a mortgage investment corporation under the Tax Act at such particular time and if throughout the calendar year in which the particular time occurs, the Company does not hold as part of its property any indebtedness, whether by way of Mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, a subscriber, or a holder, as the case may be, of or under the relevant Deferred Plan or of any other person who does not deal at arm’s length with that person. Deferred Plans will generally not be liable for tax in respect of any dividends received from the Company.

If the Company fails to qualify as a mortgage investment corporation at any time throughout a taxation year, shares of the Company may cease to be a qualified investment for a Deferred Plan. When a Deferred Plan holds a non-qualified investment, the Deferred Plan will be subject to a tax of 50% of the fair market value of the investment at the time it was acquired or at the time it became non-qualified. This tax of 50% is potentially refundable if the non-qualifying investment is disposed of.

If an RRSP, RRIF, or TFSA holds a non-qualified investment at any time during a particular year, the RRSP, RRIF or TFSA will also be subject to a tax under Part I of the Tax Act on income attributable to the non-qualified investment. RESPs which hold non-qualified investments can have their registration revoked.

Not all securities are eligible for investment in Deferred Plans. You should consult your own professional advisers to obtain advice on eligibility of these securities for investment in Deferred Plans.

In the opinion of the Company’s management, the Preferred Shares, if issued on the date hereof and the investor, together with the other persons or companies with which the investor does not deal at arm’s length with for purposes of the Tax Act, owns less than 10% of our shares, would be qualified investments under the Tax Act and the regulations thereunder for Registered Plans. In the opinion of the Company’s management, the Preferred Shares, if issued on the date hereof, would not constitute ‘foreign property’ for the purpose of the tax imposed under Part XI of the Tax Act on the Registered Plans, registered investments and certain other tax exempt entities, including most RPPs and registered pension funds. RRSPs, RESPs and TFSAs are not subject to the foreign property rules. Our auditor, MNP LLP, provides an annual confirmation at each fiscal year-end (September 30) that the compliance requirements have been met.

Any dividends paid to a Registered Plan will be received on a tax-deferred basis whereby tax is not paid by you on such dividend until it is removed from the Registered Plan. Furthermore, until removed, any income earned on such dividends (for example, interest earned on the dividends) within a Registered Plan is earned tax-free.

The Company is making the income tax disclosure contained in this Item 6, but it makes no other warranties or representations, implied or otherwise, with respect to taxation issues. If the Company were not to qualify as a MIC, the income tax consequences would be materially different from those described in this Item 6.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

Until Metropointe Capital Inc.’s application for registration as an exempt market dealer is accepted or rejected, the Company and their respective directors, officers and employees will sell the Preferred Shares pursuant to the transition provision under CSA Staff Notice 32-302. If such application is accepted, then the Company will retain Metropointe Capital Inc. as its exempt market dealer to sell its Preferred Shares and the Company intends to pay Metropointe Capital Inc. a 1% commission on the funds raised by Metropointe Capital Inc. for the purchaser of the Preferred Shares.

Where lawfully permitted, the Company may pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, subject to negotiation. The Company has not engaged any such party at this time.

ITEM 8 RISK FACTORS

There are certain risks inherent in an investment in the Preferred Shares and in the activities of the Company which investors should carefully consider before investing in the Preferred Shares, including: public market risk; general risks associated with Real Property ownership in the event that the Company has to foreclose on a mortgage; illiquidity of real estate investments in such a foreclosure situation; environmental liability; restrictions on redemptions of Preferred Shares; lack of availability of growth opportunities; potential conflicts of interest; legal rights attaching to Preferred Shares; availability of cash for distribution; fluctuations in cash distributions; the impact of redemptions on the availability of cash for distribution; risk in respect of the market price of Preferred Shares; dilution; the risk of the Company's reliance on key personnel; risk factors relating to the Company's tax status; and other tax related risk factors. The risks described below may not be the only risks involved with an investment in the Preferred Shares. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and Preferred Shareholders may lose some or all of their investment. Risks affecting the Company may affect the ability to make distributions on the Preferred Shares. In addition to the risk factors set forth elsewhere in this document, prospective purchasers should consider the following risks associated with a purchase of Preferred Shares. Purchasers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Preferred Shares.

Marketability of Preferred Shares

There currently is no market whatsoever for the Preferred Shares and it is not anticipated that any market will develop. Consequently, holders of such Preferred Shares may not be able to sell them readily, and Preferred Shares may not be readily accepted as collateral for a loan. Subscribers should be prepared to hold these Preferred Shares indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Preferred Shares is suitable solely for persons able to make and bear the economic risk of a long-term investment. See Item 10 "Resale Restrictions".

The Company does not presently intend to qualify its securities for sale to the public by way of prospectus.

Reliance on BC Instrument 32-517

Until Metropointe Capital Inc.'s application for registration as an exempt market dealer is accepted or rejected, the Preferred Shares may be sold pursuant to the dealer registration exemption contained in BCI 32-517 which provides limited relief from the requirements to register as an exempt market dealer for trading in a security in connection with a prospectus-exempt distribution provided that the dealer meets the requirements of BCI 32-517. After the acceptance or rejection of Metropointe Capital Inc.'s application for registration as an exempt market dealer, the Preferred Shares must be sold by a registered securities dealer or exempt market dealer that is registered with the securities regulatory authority in the applicable jurisdiction, which is engaged by the Company to sell its Preferred Shares.

The Preferred Shares are not Insured

The Company is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation. The Preferred Shares are redeemable at the option of the holder, but only under certain circumstances and due to the illiquid nature of mortgage lending, the Company may not be in a position to redeem the shares when requested by a Preferred Shareholder.

Prospectus Exemption

The Offering is being made pursuant to exemptions from the prospectus and registration requirements of applicable securities legislation (the “Exemptions”). As a consequence of acquiring the Preferred Shares offered hereby pursuant to such Exemptions and the fact that no prospectus has or is required to be filed with respect to any of the Preferred Shares offered hereby under applicable securities legislation in Canada: (i) you will be restricted from using certain of the civil remedies available under applicable securities legislation; (ii) certain protections, rights and remedies provided in such legislation will not be available to you; (iii) you may not receive information that might otherwise be required to be provided to you under such legislation; and (iv) the Company is relieved from certain obligations that would otherwise apply under such legislation.

Redemptions

The directors of the Company may determine that funds are not currently available for the payment of the redemption price of any Preferred Shares in respect of which the Preferred Shareholder has requested a Redemption, in which case the Company may elect to delay payment or pay the redemption price for such Preferred Shares.

Speculative Investment

An investment in the Preferred Shares is speculative. Investment in the Preferred Shares should be considered only by investors who are able to make a long term investment and are aware of the risk factors involved in such an investment. You should only invest in the Preferred Shares if you are able to bear the risk of the entire loss of your investment and have no need for immediate liquidity in such investment.

Absence of Voting Rights

The Preferred Shares being sold under this Offering do not carry voting rights, and consequently a Subscriber's investment in Preferred Shares does not carry with it any right to take part in the control or management of the Company's business, including the election of directors.

In assessing the risks and rewards of an investment in the Preferred Shares, potential Subscribers should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Company to make appropriate decisions with respect to the management of the Company, and that they will be bound by the decisions of the Company's directors, officers and employees. It would be inappropriate for Subscribers unwilling to rely on these individuals to this extent to purchase the Preferred Shares under this Offering.

No Guaranteed Return

Although investments in Mortgages will be carefully chosen by the Company, there is no representation made by the Company that such investments will have a guaranteed return to Preferred Shareholders, nor that losses will not be incurred by the Company in respect of such investments. This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

Dilution

The number of Preferred Shares the Company is authorized to issue is unlimited and the Directors have the sole discretion to issue additional Preferred Shares. The proceeds of this offering may not be sufficient to accomplish all of the Company's proposed objectives. In addition to alternate financing sources, the Company may conduct future offerings of Preferred Shares in order to raise the funds required which will result in a dilution of the interests of the Preferred Shareholders in the Company and the income or loss from the Company.

Less than Full Offering

There can be no assurance that more than the minimum Offering will be sold. In that case, less than the maximum proceeds will be available to the Company and, consequently, their business development plans and prospects could be adversely affected, since fewer Mortgage Loans will be granted by the Company.

Conflicts of Interest

The Administrator and the Company are Affiliates and negotiations between them have not been, and will not be, conducted at arm's length. Therefore, the Company will be subject to various conflicts of interest arising from its relationship with the Administrator, Affiliates of the Administrator, and the officers and directors thereof. In addition, there may be situations where the interests of the Company or its Shareholders conflict with the interests of the officers and directors of the Administrator. The risk exists that such conflicts will not be resolved in the best interests of the Company and the Preferred Shareholders. However, in accordance with the Administrative and Services Agreement the Administrator is bound by its duty to deal honestly and in good faith.

If Metropointe Capital Inc.'s application for registration as an exempt market dealer is accepted, certain individual registrants of Metropointe Capital Inc. will also be directors and officers of the Company, and are also compensated through the Administrative and Services Agreement between the Company and Metropointe Capital Management Inc. ("MCMI"), which the directors and officers of Metropointe Capital Inc. are also directors and officers of MCMI as described in this offering memorandum. Accordingly, Metropointe Capital Inc. faces an inherent conflict of interest to sell the Preferred Shares of the Company, which provides compensation to Metropointe Capital Inc. as well as indirectly to MCMI, and Metropointe Capital Inc.'s registrant obligations, including know-your-client, know-your-product, suitability, and its fair dealing duty.

Reliance on Management

To the extent that the Company invests in real estate properties, Preferred Shareholders will be relying on the good faith and expertise of the Company and its principals in selecting such investments and negotiating the pricing and other terms of the agreements leading to the acquisition of such investments.

Nature of Mortgage Backed Investments

Investments in Mortgages are affected by general economic conditions, local real estate markets, demand for leased premises, fluctuation in occupancy rates and operating expenses, and various other factors. The value of a real estate property may ultimately depend on the credit and financial stability of the tenants. Investments in Mortgages are relatively illiquid. Such illiquidity will tend to limit the Company's ability to change its portfolio promptly in response to changing economic or investment conditions. Investments in Mortgages on residential Real Property projects under development may be riskier than investments in Mortgages on already constructed residential Real Property developments.

Availability of Mortgage Investments

The ability of the Company to make investments in Mortgages in accordance with its investment policies will depend upon the availability of suitable investments and the amount of Mortgages available. The Company will compete with individuals, partnerships, companies, trusts and institutions for the investment in the financing of real properties. Many of these competitors have greater resources than the Company or operate with greater flexibility.

Renewal of Mortgages

There can be no assurances that any of the mortgages comprising the Company's mortgage portfolio from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the mortgagees at the time of renewal.

Composition of the Mortgage Portfolio

The composition of the Company's mortgage portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the mortgage portfolio being less diversified than anticipated. A lack of diversification may result in the Company being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography.

Competition

The Company will be competing for investments with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek investments similar to those desired by the Company. Many of these investors will have greater financial resources than those of the Company, or operate without the investment or operating restrictions of the Company or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in such investments may increase competition for those investments, thereby increasing purchase prices and reducing the yield on the investments.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the real estate industry will not be changed in a manner which adversely affects the Company or distributions received by its security holders.

Borrowing

The Company may from time to time borrow funds to increase the mortgage portfolio. Borrowings would be secured by Mortgages in the Company's portfolio. This could increase the risk of the Company's insolvency.

Subordinate and Non-Conventional Financing

Any subordinate financing which may be carried on by the Company is generally considered a higher risk than primary financing. Mortgages will be secured by a charge which is in a first or subsequent-ranking position upon or in the underlying real estate. When a charge on a Real Property is in a position other than first-ranking on a Real Property, it is possible for the holder of a prior charge on the Real Property, if the

borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the Real Property in order to realize the security given for his loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first-ranking charge the security of the Real Property. If an action is taken to sell the Real Property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the property, the holder of a subsequent charge may lose his investment or part thereof to the extent of such deficiency, unless he can otherwise recover such deficiency from other property owned by the debtor. The Company may make investments in Mortgages where the loan exceeds 75% of the value of the Real Property which is mortgaged, which exceeds the typical investment limit for conventional mortgage lending.

Potential Liability under Environmental Protection Legislation

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, as the owner of real estate properties the Company could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on, from or in one or more of the properties. The failure to remove or remediate such substances, if any, may adversely affect the Company's ability to sell such a property or to borrow using a property as collateral.

Tax Matters

The return on the Preferred Shareholder's investment in the Preferred Shares is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Preferred Shareholders acquiring, holding or disposing of Preferred Shares.

If, for any reason, the Company fails to maintain its qualification as a mortgage investment corporation under the Tax Act, dividends paid by the Company on the Preferred Shares will cease to be deductible from the Company's income and the Preferred Shares may cease to be qualified investments for Deferred Plans. See Item 6 "Income Tax Considerations and RRSP / TFSA Eligibility".

For all of the aforesaid reasons and others set forth and not set forth herein, the Preferred Shares involve a certain degree of risk. Any person considering the purchase of the Preferred Shares should be aware of these and other factors set forth in this Offering Memorandum and should consult with his/her legal, tax and financial advisors prior to making an investment in the Preferred Shares. The Preferred Shares should only be purchased by persons who can afford to lose all of their total investment.

ITEM 9 REPORTING OBLIGATIONS

The Company is not a "reporting issuer" as that term is defined in applicable securities legislation, nor does it currently intend to become a reporting issuer and therefore obligations of the Company to publicly disclose documents is limited. However, Preferred Shareholders will receive quarterly statements reflecting their investment in the Company and quarterly dividend cheques, if applicable, and will receive yearly T5 tax returns for cash investment income.

The Company's fiscal year commences October 1 in each year and ends September 30 of the following year. The Company will prepare financial statements for each fiscal year in connection with an annual general meeting to be held as required by the *Business Corporations Act* (British Columbia), and provide them to shareholders within 120 days of the Company's fiscal year end.

Information about the Company's incorporation, amendments to its constating documents, Directors, officers, annual corporate filings and other corporate information can be obtained from the British Columbia Registry Services, 2nd Floor – 940 Blanshard Street, (PO Box 9431 Stn. Prov. Govt.) Victoria, British Columbia V8W 9V3 (Telephone: 250.356.8626; Facsimile: 250.356.8923.)

ITEM 10 RESALE RESTRICTIONS

Preferred Shares will be subject to resale restrictions under applicable securities laws. You will not be able to trade Preferred Shares unless you prepare and file a prospectus with applicable securities regulatory authorities or comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Unless permitted under securities legislation, you cannot trade Preferred Shares before the date that is four months and a day after the date the Company becomes a reporting issuer in any Province or territory of Canada. The Company has no intention or plan to proceed with becoming a reporting issuer.

See "Trading and Resale Restrictions".

ITEM 11 PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The following summary is subject to the express provisions of the securities legislation of each offering jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. Subscribers should refer to those provisions for the particulars of these rights or consult with a legal adviser.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the investor may have at law.

Two Day Cancellation Right for All Investors

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Company by midnight on the second business day after you sign the Subscription Agreement to buy the securities.

Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, investors resident in British Columbia will have a statutory right to sue:

- (a) the Company to cancel your agreement to buy these securities, or
- (b) for damages against the Company and every person who signs the Offering Memorandum or any amendment thereto.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time

limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

ITEM 12
FINANCIAL STATEMENTS

Please see the financial statements at September 30, 2018, attached hereto. The attached financial statements have been audited.

MetroPointe Mortgage Investment Corporation
Financial Statements
For the year ended September 30, 2018

MetroPointe Mortgage Investment Corporation

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For the year ended September 30, 2018

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Independent Auditors' Report

To the Shareholders of MetroPointe Mortgage Investment Corporation:

We have audited the accompanying financial statements of MetroPointe Mortgage Investment Corporation, which comprise the statement of financial position as at September 30, 2018, and the statements of income and other comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MetroPointe Mortgage Investment Corporation as at September 30, 2018 and its financial performance, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Surrey, British Columbia

February 19, 2019

MNP LLP

Chartered Professional Accountants

MetroPointe Mortgage Investment Corporation

Statement of Financial Position

As at September 30, 2018

	2018	2017
Assets		
Current		
Cash	2,264,083	404,615
Interest receivable	231,530	189,888
Prepaid expenses	45,391	45,391
Mortgages receivable (Note 5)	26,443,434	18,662,372
Total assets	28,984,438	19,302,266
Liabilities		
Current		
Trade and other payables	48,395	29,425
Administrative fees payable (Note 10)	135,442	96,761
Directors' fees payable (Note 10)	42,655	20,272
Dividends payable (Note 6)	128,351	126,746
Prepaid mortgage interest	104,922	31,804
	459,765	305,008
Non-current		
Liability component of redeemable, retractable preferred shares (Note 7)	28,524,073	18,996,658
Total liabilities	28,983,838	19,301,666
Events after the reporting period (Note 8)		
Equity		
Share capital		
Common shares (Note 9)	600	600
	28,984,438	19,302,266

Approved on behalf of the Board

"Lakhbir Toor"
Director

"Gurpinder Lally"
Director

MetroPointe Mortgage Investment Corporation

Statement of Comprehensive Income

For the year ended September 30, 2018

	2018	2017
Revenue		
Interest	2,148,644	1,580,999
Fees and other income	349,210	288,002
	2,497,854	1,869,001
Operating costs		
Administrative fees <i>(Note 10), (Note 12)</i>	472,802	346,218
Advertising and promotion	17,948	4,223
Interest <i>(Note 10)</i>	17,419	1,608
Interest and bank charges	1,644	4,044
Office	21,290	25,294
Professional fees	23,474	29,261
	554,577	410,648
Comprehensive income before other income (expense)	1,943,277	1,458,353
Other income (expense)		
Preferred shares dividends	(1,943,277)	(1,458,353)
Total comprehensive income	-	-

The accompanying notes are an integral part of these financial statements

MetroPointe Mortgage Investment Corporation
Statement of Changes in Equity
For the year ended September 30, 2018

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance October 1, 2016	600	-	600
Total comprehensive income	-	-	-
Balance October 1, 2017	600	-	600
Total comprehensive income	-	-	-
Balance September 30, 2018	600	-	600

The accompanying notes are an integral part of these financial statements

MetroPointe Mortgage Investment Corporation

Statement of Cash Flows

For the year ended September 30, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Total comprehensive income	-	-
Changes in non-cash working capital accounts		
Interest receivable	(41,641)	(91,460)
Prepaid expenses	-	(45,391)
Trade and other payables	18,969	8,256
Administrative fees payable	38,681	(36,728)
Directors' fees payable	22,382	(35,946)
Dividends payable	1,604	52,558
Prepaid mortgage interest	73,118	8,500
	113,113	(140,211)
Financing activities		
Proceeds from issuance of preferred share liability	14,069,276	11,488,967
Redemption of preferred shares	(4,541,861)	(6,177,205)
	9,527,415	5,311,762
Investing activities		
Advances of mortgages receivable	(16,773,750)	(14,582,602)
Repayments of mortgages receivable	8,992,690	9,677,764
	(7,781,060)	(4,904,838)
Increase in cash resources	1,859,468	266,713
Cash resources, beginning of year	404,615	137,902
Cash resources, end of year	2,264,083	404,615

The accompanying notes are an integral part of these financial statements

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

1. Reporting entity

MetroPointe Mortgage Investment Corporation (the "Company") was incorporated under the British Columbia Corporations Act on November 3, 2011. The Company is domiciled in Canada.

The address of the Company's registered office is 201-15230 Highway 10, Surrey, British Columbia V3S 5K7.

The Company makes investments and operates its business at all times in such a manner as to qualify as a mortgage investment corporation ("MIC") under the provisions of the Canadian Income Tax Act. The Company derives its earnings from the receipt of mortgage interest and fees associated with the setup, renewal and discharge of mortgages.

2. Statement of compliance

The financial statements present the results of financial performance and cash flows of the Company for the year ended September 30, 2018, along with the comparative results for the year ended September 30, 2017. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These annual financial statements for the year ended September 30, 2018 were authorized for issuance by the directors of the Company on February 19, 2019.

3. Basis of preparation

Basis of measurement

The financial statements have been prepared using the historical basis except for the revaluation of certain non-current assets and financial instruments. The significant accounting policies are set out in Note 4.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Allowance for impaired loans

The Company is required to make an assessment of the impairment of mortgages receivable. The mortgages receivable are considered to be impaired only if objective evidence indicates that one or more events ("loss events") have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows include assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Illiquid credit markets and volatile equity markets have increased the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated allowance for impairment losses could vary by a material amount.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

4. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Mortgages receivable

The mortgages receivable are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgages receivable are measured at amortized cost using the effective interest method, less any impairment losses. The mortgages receivable are assessed on each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered to be impaired only if objective evidence indicates that events have occurred after initial recognition that have a negative effect on the estimated future cash flows of the asset.

The Company considers evidence of impairment for mortgages receivable at both a specific asset and collective level. All individually significant mortgages receivable are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identifiable at an individual mortgage level. Mortgages receivable that are not individually significant are collectively assessed for impairment by grouping together mortgages receivable with similar risk characteristics.

In assessing collective impairment, the Company reviews historical trends of the probability of default, the timing of recoveries and the amount of the loss incurred, adjusted for management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of specific mortgages receivable is calculated as the difference between its carrying amount including accrued interest and the present value of the estimated cash flows discounted at the receivable's original effective interest rate. Losses are recognized in profit and loss and reflected in an allowance account against the mortgages receivable. When a subsequent event causes the amount of an impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss in the period the new information becomes available.

Revenue recognition

Interest income on mortgage investments is recognized on an accrual basis by the effective interest method, using an effective interest rate which exactly discounts estimated future cash receipts to the net carrying amount of the financial asset over the asset's expected life. Accrued but uncollected interest is reversed whenever a loan is considered to have become impaired. A loan is classified as impaired generally when management is of the opinion that there is a doubt as to the collectability of the principal.

The Company charges upfront commitment fees, such as lender, broker and renewal fees, based on the gross mortgage values for all mortgages funded. These fees are deferred as unearned income and amortized over the term of the mortgage.

Revenue from administration fees relating to the mortgage investments are deferred as unearned income and amortized over the term of the mortgage.

Financial instruments

Loans and receivables:

The Company has classified the following financial assets as loans and receivables: mortgage receivable and interest receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition or impairment.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

4. Significant accounting policies (Continued from previous page)

Financial liabilities measured at amortized cost:

The Company has classified the following financial liabilities as financial liabilities measured at amortized cost: trade and other payables, administrative fees payable, directors' fees payable, dividends payable, and preferred shares. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition.

Financial asset impairment

The Company assesses impairment of all its financial assets, except those classified at fair value through profit (loss). Management considers historical trends of the probability of default, timing of recoveries and the value of the underlying security used as collateral against the mortgage receivable, adjusted for management's judgment as to total proceeds expected in case of a foreclosure in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year profit (loss).

The Company reverses impairment losses on debt instruments classified as available-for-sale when an increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. In addition, the Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was recognized.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Trust neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income (loss) is recognized in net income (loss).

Income taxes

The Company is a Mortgage Investment Corporation as defined in Section 130.1(6) of the Canadian Income Tax Act and, as such, is not taxable on income which flows through to the shareholders in the form of dividends paid during the year or within 90 days of the end of the year. It is the Company's policy to flow such dividends out to the shareholders and as such have no taxable income for the year. Accordingly, no provision for corporate income taxes has been made in the accounts.

Preferred share liability

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. As such, Class B preferred shares, which are redeemable, are presented as a liability of the Company. The preferred shares are redeemable at a price equal to their original issue amounts plus the amount of dividends declared and unpaid and a pro-rata share of retained earnings at the time the redemption is paid out. Incremental costs directly attributable to the issue of preferred shares are recognized as a deduction from the liability.

Share capital

Common shares are classified as equity and presented at the value of the shares issued. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

4. Significant accounting policies (Continued from previous page)

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

There are no provisions recorded at September 30, 2018.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at September 30, 2018 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 Financial instruments

The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018. The Company does not expect the standard to have a material impact on its financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15, issued in May 2014, will specify how and when entities recognize, measure, and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers*, and SIC 31 *Revenue – barter transactions involving advertising services*.

IFRS 15, and the amendments, are effective for annual periods beginning on or after January 1, 2018. The Company does not expect this standard to have a material impact on its financial statements.

5. Mortgages receivable

The Company's portfolio consists of 55 mortgages (2017 - 53) bearing interest at fixed rates that range from 7.25% to 13.00% (2017 - 7.25% to 12.00%). All mortgages are secured by real property to which they relate and by additional security in certain circumstances. Mortgages receivable of \$26,443,434 (2017 - \$18,662,372) are due within one year of the fiscal year-end and, as such, are classified as a current asset.

Total mortgages receivable are carried at the unpaid principal amount. On a periodic basis, management reviews the mortgage portfolio and the overall general real estate market to determine whether it is necessary to record an allowance for mortgage losses. Management may consider an allowance for potential future mortgage losses as deemed necessary, based on any payment arrears, known risks, historical mortgage loss and current economic conditions and trends. As at September 30, 2018, management has reviewed mortgages receivable and determined that no provision for impairment is required.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

6. Dividends payable

The Company has declared dividends to the holders of Class B non-voting, participating, redeemable preferred shares, in accordance with the provisions for mortgage investment corporations in the Income Tax Act, where dividends paid within 90 days from the end of the fiscal period are deductible from the income of the Company. For the preferred shareholders, however, these dividends are taxed as interest income.

The Company declared dividends of \$1,943,277 (2017 - \$1,458,353); \$0.0933 (2017 - \$0.0934) per preferred share based on an average number of shares issued and outstanding).

7. Liability component of redeemable preferred shares

The Company has authorized unlimited Class B, non-voting, participating, redeemable preferred shares. At year-end the issued and outstanding shares were 28,524,073 (2017 - 18,996,658). Directors shall not consent to allow any shareholder to hold more than 25% of the issued preferred shares. No preferred shares shall be transferred without the previous consent of the Board of Directors expressed by a resolution.

The Class B preferred shares are redeemable at \$1 per share, their original issue amount plus the amount of dividends declared and unpaid and a pro-rata share of retained earnings at the time notice of redemption is received.

During the year, the following share transactions occurred:

	2018	2017
Opening preferred shares liability	18,996,658	13,684,896
Subscriptions - Cash	12,670,674	10,676,956
Subscriptions - Dividend reinvestments	1,398,602	812,011
Redemptions	(4,541,861)	(6,177,205)
	28,524,073	18,996,658

During the year, the Company recognized share issuance costs totaling \$16,040 (2017 - \$12,137) in total comprehensive income.

8. Events after the reporting period

Subsequent to year-end, the Company has issued 2,781,046 Class B, non-voting, participating, redeemable preferred shares for consideration of \$2,781,046 and redeemed 245,841 Class B, non-voting, participating, redeemable preferred shares for consideration of \$245,841.

Subsequent to year-end, the Company committed to issue eight mortgages totalling \$5,224,750 at rates varying from 7.75% to 13.50% per annum, for terms of 12 months and repayable with the proceeds from the sales of the underlying properties. The mortgages are secured by first and second charges on the underlying properties.

9. Share capital

The Company's share capital consists of the following:

	2018	2017
600 Class A voting, common shares with a par value of \$1 each (2017 - 600)	600	600

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

10. Related party transactions

Key management compensation of the Company

The compensation to the senior management of the Company is paid through the administrative fees paid to a related party and paid through directors fees.

Transactions with related parties of the Company

The following transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- During the year, the Company paid administrative fees of \$472,802 (2017 - \$346,218) to a company in which a director, who is also a common shareholder, holds a controlling interest, of which \$135,442 remains payable at September 30, 2018 (2017 - \$96,761). The Company pays 2.0% per annum of the aggregate outstanding balance of the Company's total assets, after deduction of provisions for loss, for day-to-day operations, including administration of the Company's mortgage investments.
- During the year, the Company paid directors fees of \$42,655 (2017 - \$20,272) to a company in which a director, who is also a common shareholder, holds a controlling interest. The balance remains payable at September 30, 2018.
- During the year, the Company was loaned \$1,000,000 unsecured and bearing interest at a rate of 6.7% by a director of the Company. The balance was repaid prior to year-end. The Company paid interest of \$17,419 (2017 - \$1,608) to related parties.

There are no commitments or guarantees attributed to the Company from the related parties at September 30, 2018.

11. Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Fair value of all financial assets and liabilities approximate carrying amounts

The carrying amount of interest receivable, mortgages receivable, trade and other payables, directors' fees payable, administrative fees payable and dividends payable is approximated by their fair value due to their short term nature.

Risk management policy

The Company is exposed to various risks of holding financial instruments. These risks have been categorized as interest rate risk, credit risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at September 30, 2018:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through lending policies that set minimum interest rates for its mortgages.

The Company is exposed to interest rate risk with respect to mortgages receivable, all of which are expected to be realized within one year, and which are subject to fixed interest rates.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

11. Financial instruments (Continued from previous page)

Mortgages written by the Company for greater than a one year term typically earn interest at fixed rate for the first year and become variable at the Royal Bank of Canada Prime Business Rate plus interest ranging from 6.5% to 10.5% per annum. The minimum rate mitigates the effect of a drop in short-term market interest rates, while the floating rate allows for increased interest earnings where short-term rates increase. The interest rate risk on trade and other payables, directors' fees payable and dividends payable are not considered significant.

Management does not expect the maturity dates of the financial instruments noted above to be significantly different than the contractual dates.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The maximum exposure to credit risk at September 30, 2018 is the carrying value of its mortgage investments, including interest receivable, which total \$26,674,964 (2017 - \$18,852,260). The Company has recourse under these investments in the event of default by the borrower; in which case, the Company would claim against the underlying collateral.

As with most mortgage investment corporations, the Company provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. The Company minimizes its credit risk primarily by ensuring that the collateral value of the security fully protects first, second and subsequent mortgage advances and that there is a viable exit strategy for each loan. In addition, the Company limits concentration of risk by diversifying its mortgage portfolio by way of location, property type, maximum loan amount on any one property and maximum loan amount to any one borrower.

A credit concentration exists relating to trade accounts receivable as the Company's sales are concentrated in the Province of British Columbia.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company is committed to pay dividends to shareholders for which repayment is required at specific dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

The Company manages the liquidity risk by maintaining issuing share capital. Successful utilization of leverage, as contemplated by any bank line of credit or other financing depends on the Company's ability to borrow funds from outside sources and to use those funds to make loans and other investments at rates of return in excess to the Company of the borrowed funds. Leverage increases exposure to loss.

12. Administrative fees

The Administrator is responsible for the day-to-day operations, including administration of the Company's mortgage investments. Pursuant to the Administrative and Services Agreement dated February 1, 2015, the Company shall pay to the Administrator, financial services fee ("Financial Services Fee") equal to 2% per annum of the Company's total month-end value of the Company's total assets, calculated and payable monthly (Note 10).

The Administrator bears all overhead and other internal expenses incurred by it in providing the services under the Administrative and Services Agreement. The Company bears all third party and other expenses incurred in connection with the Company's mortgage investments and operations, including, without limitation, legal, audit, other professional fees, interest and bank charges, rent, and office costs as well as directors' and officers' fees for attending formal meetings of the Company.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

13. Fair value measurement

The following table analyses, within the fair value hierarchy, the Company's assets and liabilities (by class) not measured at fair value at September 30, 2018 but for which fair value is disclosed:

Financial Instrument Classification	Note	2018		2017	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Cash	(a)	2,264,083	2,264,083	404,615	404,615
Interest receivable	(b)	231,530	231,530	189,888	189,888
Mortgages receivable	(b)	26,443,434	26,443,434	18,662,372	18,662,372
Financial liabilities					
Trade and other payables	(b)	48,395	48,395	29,425	29,425
Administrative fees payable	(b)	135,442	135,442	96,761	96,761
Directors' fees payable	(b)	42,655	42,655	20,272	20,272
Dividend payable	(b)	128,351	128,351	126,746	126,746

The valuation inputs and techniques used for the Company's financial instruments are done so at (a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities, (b) Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly and (c) Level 3 - Inputs that are not based on observable market data (that is, unobservable inputs).

There were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies during the years ended September 30, 2018 and 2017.

14. Capital management

The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet its financial commitments, including possible obligations; maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity; optimize the use of its capital to provide an appropriate return on investment to its shareholders and to maintain sufficient liquidity in the company to distribute dividends to shareholders quarterly throughout the fiscal year and within 90 days thereafter to reduce its taxable income to a negligible amount.

The Company defines capital as the sum of its assets, net of its liabilities, which approximates shareholders' equity.

The Company's investment guidelines are subject to externally imposed capital requirements to maintain the Company's eligibility as a Mortgage Investment Corporation as defined in Section 130.1(6) of the Canadian Income Tax Act. These guidelines state that:

- (i) at least 50% of the Company assets must be residential mortgages and/or cash and insured deposits at Canada Deposit Insurance Corporation member financial institutions;
- (ii) no more than 25% of its assets must be in real estate; and
- (iii) that all investments must be within Canada.

During the year, the Company complied with these requirements.

MetroPointe Mortgage Investment Corporation

Notes to the Financial Statements

For the year ended September 30, 2018

14. Capital management *(Continued from previous page)*

The Company's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may refinance an existing debt, take out new borrowings, repurchase preferred shares for cancellation pursuant to normal course issuer bids or issue new preferred shares.

The Company's financial strategy and objectives are reviewed annually. The Company believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

15. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

**ITEM 13
DATE AND CERTIFICATE**

Dated this 28th day of February, 2019.

This Offering Memorandum does not contain a misrepresentation.

Per: “Barinder Sekhon”
BARINDER SEKHON
President & Director

Per: “Sukhvir Gill”
SUKHVIR GILL
Vice President & Director

ON BEHALF OF THE BOARD OF DIRECTORS

Per: “Gurpinder Lally”
GURPINDER LALLY
Director

Per: “Lakhbir Toor”
LAKHBIR TOOR
Treasurer & Director

**Schedule "A" to
Offering Memorandum of
METROPOINTE MORTGAGE INVESTMENT CORPORATION
Dated February 28, 2019**

**RISK ACKNOWLEDGEMENT
Form 45-106F4**

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- These securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future.

METROPOINTE MORTGAGE INVESTMENT CORPORATION will pay \$ _____ of this to _____ as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to **Metropointe Mortgage Investment Corporation** stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to **Metropointe Mortgage Investment Corporation** at its business address. Keep a copy of the notice for your records.

METROPOINTE MORTGAGE INVESTMENT CORPORATION'S ADDRESS:

Suite 201, 15230 – 56th Avenue
Surrey, British Columbia V3S 5K7
Email: info@metropointemic.com
Telephone: (604) 580-5000
Fax: (604) 576-2138

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum. Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice. You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer. A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator as follows:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6500
Toll free in British Columbia and Alberta 1-800-373-6393
Facsimile: (604) 899-6506

Alberta Securities Commission

4th Floor, 300 – 5th Avenue SW
Calgary, Alberta T2P 3C4
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

Saskatchewan Financial Services Commission

Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

The Manitoba Securities Commission

500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll Free in Manitoba: (800) 655-5244
Facsimile: (204) 945-0330

Ontario Securities Commission

Suite 1903, Box 5520 Queen Street West
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll Free in Canada: (877) 785-1555
Facsimile: (416) 593-8122
Public official contact regarding indirect collection of information:
Administrative Support Clerk
Telephone (416) 593-3684

Autorité des marchés financiers

800, Square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337
Or 1 877 525-0337
Facsimile: (514) 864-6381 (For privacy requests only)
Facsimile: (514) 873-6155 (For filing purposes only)

New Brunswick Securities Commission

85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2B5
Telephone: (506) 658-3060
Toll Free in New Brunswick: (866) 933-2222
Facsimile: (506) 658-3059

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia B3J 3J9
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

**Government of Newfoundland and Labrador
Financial Services Regulation Division**

P.O. Box 8700, Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189 Facsimile: (709) 729-6187

Government of Yukon

Department of Community Services
Law Centre, 3rd Floor
21230 Second Avenue
Whitehorse, Yukon Territory Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

Government of the Northwest Territories

Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest territories X1A 2L9
Attention: Deputy Superintendent, Legal & Enforcement
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Government of Nunavut

Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

**Schedule "B" to
Offering Memorandum of
METROPOINTE MORTGAGE INVESTMENT CORPORATION**
Dated February 28, 2019

**RISK ACKNOWLEDGEMENT
Under BCI 32-517**

Risk Acknowledgement

- **I acknowledge that:**
- The person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me.
- The person selling me these securities does not act for me.
- This is a risky investment and I could lose all of my money.
- I am investing entirely at my own risk.

Date

Signature of Purchaser

Print name of Purchaser

Name of salesperson
acting on behalf of the seller

Sign 2 copies of this document. Keep one copy for your records.

**W
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I
N
G**

METROPOINTE MORTGAGE INVESTMENT CORPORATION'S ADDRESS:

Suite 201, 15230 – 56th Avenue
Surrey, British Columbia V3S 5K7
Email: info@metropointemic.com
Telephone: (604) 580-5000
Fax: (604) 576-2138

