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FORM 45-106F2

**OFFERING MEMORANDUM**  
**MORRISON LAURIER MORTGAGE CORPORATION**



DATE: June 15, 2016

**THE ISSUER** Morrison Laurier Mortgage Corporation (the “Corporation”)

Head Office: 8 Sampson Mews, Suite 202, Toronto, Ontario M3C 0H5

Phone #: (416) 391-3535

Fax #: (416) 391-4843

E-mail address: info@morrisonlaurier.ca

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: First Preferred Shares (“**Preferred Shares**”) of the Corporation, Series C and F

PRICE PER SHARE: \$10.00 per Preferred Share

TARGET YIELDS: 6.00% per annum for Series C Preferred Shares  
6.50% per annum for Series F Preferred Shares  
See “Item 5.1 – Terms of Securities – Dividend Policy.”

CONTINUOUS OFFERING: Preferred Shares are being offered on a continuous basis subject to a maximum offering size of \$100,000,000 (10,000,000 Preferred Shares). There is no minimum offering size. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

MINIMUM SUBSCRIPTION AMOUNT: \$5,000 (500 Preferred Shares)

PAYMENT TERMS: Payment by certified cheque, bank draft or money order to “Morrison Laurier Mortgage Corporation” for the full subscription amount. See Item 5.

INCOME TAX CONSEQUENCES: **There are important tax consequences to these securities. You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you. See Item 6.**

INVESTMENT MANAGER: The Corporation has retained Morrison Financial Mortgage Corporation (the “**Investment Manager**”) to act as the Corporation’s investment manager pursuant to a Financial Services Agreement. The Financial Services Agreement provides that the Investment Manager will make available to the Corporation for purchase, in the Corporation’s name or in the name of the Investment Manager or its affiliates on the Corporation’s behalf, mortgages or interests in mortgages as and when they become available. The Investment Manager will have the exclusive right to provide the

Corporation with these mortgage investments. The Investment Manager will oversee the day to day mortgage investment and the mortgage administrative services provided by the Investment Manager for the Corporation's business and shall adhere to the Corporation's investment strategy. The Investment Manager is a registrant and licensee in good-standing under the *Mortgage Brokerages, Lenders, and Administrators Act, 2006* (Ontario), operating under Mortgage Brokerage License No. 10047 and Mortgage Administrator License No. 11447. See section 2.2 under “The Investment Manager – Morrison Financial Mortgage Corporation”.

CORPORATE MANAGER:

The Corporation has retained Laurier Capital Funding Inc. (the “**Corporate Manager**”), a registered exempt market dealer in the Province of Ontario, to act as the Corporation’s corporate manager pursuant to a Management Services Agreement as well as to assist it in marketing, arranging and facilitating the completion of, the sale of Preferred Shares. **The Corporation is a related and connected issuer of the Corporate Manager by virtue of their common influential securityholders and directors and officers, and by virtue of the Corporate Manager’s role in providing management services to the Corporation and its compensation thereby.** See Section 2.2, “Our Business – Conflict of Interest.”

SELLING FEES/COMMISSIONS:

**Corporate Manager:** In consideration for its services, the Corporate Manager receives a trailer fee based on the average gross assets under administration by the Corporation. The Corporate Manager receives a trailer fee of: (i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and (ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. As at May 31, 2016, the Corporation had \$68,003,227.80 gross assets under administration. The trailer fee is calculated and paid on a monthly basis.

**Sales effected through registrants other than the Corporate Manager:** No fees or commissions shall be payable to eligible persons seeking Subscribers for any of the Preferred Shares other than eligible persons seeking Subscribers for Series C Preferred Shares would be entitled to an annual trailing fee of 0.50% of every Series C Preferred Share that continues to be held by Subscribers introduced by such eligible persons and 0.50% of all additional Series C Preferred Shares acquired by such Subscribers under the Corporation’s DRIP. The trailing fee shall be payable monthly. No trailing fee shall be payable in connection with Series F Preferred Shares. In addition, eligible persons seeking Subscribers for any of the Preferred Shares may charge their clients additional fees or commissions to purchase or sell such Preferred Shares. See Item 7.

CDS BOOK-ENTRY ONLY:

Some or all of the Preferred Shares offered hereby may be issued in ‘book-entry only’ form and must be purchased or transferred through a participant in the depository service of CDS Clearing and Depository Services Inc. (“**CDS**”). On the closing of Preferred Shares offered hereby, the Corporation may deliver to CDS one or more global certificates or other evidence of all or some of the Preferred Shares subscribed for and issued hereunder. No certificates that participate in CDS’ book-entry only system will be issued to subscribers, except in limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Preferred Shares that participate in CDS’ book-entry only system will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Preferred Shares is purchased. See Section 5.1 “Terms of Securities” – “Restrictions on Ownership” and “CDS Book-Entry Only System.”

CDS IDENTIFIERS:

SERIES C PREFERRED SHARES	
ISIN	CUSIP
CA6184572049	618457204

SERIES F PREFERRED SHARES	
ISIN	CUSIP
CA6184573039	618457303

## **RESALE RESTRICTIONS**

You will be restricted from selling your securities for an indefinite period. See Item 10.

## **PURCHASER'S RIGHTS**

You have 2 business days to cancel your agreement to purchase these securities. 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.

**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 Item 8.**

## GENERAL DISCLAIMERS

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Prospective Purchasers should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Corporation or the securities offered herein and any such information or representation must not be relied upon.

This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the securities described herein. The securities are being offered in reliance upon exemptions from the registration and prospectus requirements set forth in applicable securities legislation.

The securities offered hereby have not been and will not be registered under the *U.S. Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws. The securities may not be offered or sold in the United States or to U.S. persons, as defined in Regulation S under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States.

**THIS IS A SPECULATIVE OFFERING. An investment in the securities must be regarded as highly speculative due to the nature of the Corporation’s business.** Purchasers must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The securities are suitable only for Purchasers who are able to accept the risks inherent in the Corporation’s business. Prospective investors should not confuse the Corporation’s target yields with the Corporation’s rate of return or yield. There is no guarantee that the Corporation will be able to pay dividends at the levels targeted. In addition, there are a number of other risk factors that should be considered by persons proposing to make an investment in the securities. **Purchasers should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See Item 8.**

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “budget”, “plan”, “forecast”, “potential”, “intend” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although management of the Corporation believes that the expectations reflected in such forward-looking statements are reasonable and represent the Corporation’s expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Corporation’s actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, in addition to those factors discussed or referenced in Item 8. These factors should not be considered exhaustive. Many of these risk factors are beyond the Corporation’s control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management’s future course of action depends upon our assessment of all information available at that time.

The forward-looking statements made herein relate only to events or information as of the date of this Offering Memorandum and are expressly qualified by this cautionary statement. Except as required by law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

## DOCUMENTS INCORPORATED BY REFERENCE

In addition to and apart from this Offering Memorandum, the Corporation may utilize certain marketing materials in connection with the Offering, including an executive summary of certain of the material set forth in this Offering Memorandum. This material may include fact sheets and investor sales promotion brochures, question and answer booklets, and presentations. All such marketing materials are specifically incorporated by reference into and form an integral part of this Offering Memorandum. All such marketing materials will be delivered or made reasonably available to a prospective purchaser prior to the purchase by such prospective purchaser of Preferred Shares.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently delivered Offering Memorandum which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement needed not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

## CURRENCY

All dollar amounts stated in this Offering Memorandum are expressed in Canadian currency, except where otherwise indicated.

## SCHEDULE

The following Schedules are attached to and form a part of this Offering Memorandum:

Schedule "A" - Subscription Agreement

Schedule "B" - DRIP Enrolment Form

## GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, capitalized words and phrases shall have the meanings set forth below.

**"Applicable Securities Laws"** means, collectively, all applicable securities laws of the Selling Jurisdictions and the respective regulations, rules, policies and orders thereunder together with all applicable published orders and rulings of the Securities Regulatory Authorities in such jurisdictions.

**"BCA"** means the *Business Corporations Act* (Ontario), as may be amended from time to time.

**"Business"** means the business of the Corporation from time to time, including ownership of mortgages, and acquiring, holding, operating, disposing or distributing, as the case may be, of monies, assets and property received by the Corporation in the ordinary course of business;

**"Business Day"** means any day other than a Saturday, a Sunday or any other day that is a statutory holiday in Toronto, Ontario.

**"Closing"** means the day or days on which a closing of the Offering will occur and Preferred Shares will be issued and sold to Subscribers.

**"Commercial Mortgages"** means mortgages that are principally secured by multi-family housing projects, residential land developments and income-producing properties that have retail, commercial, service, office and/or industrial uses.

**"Common Shares"** means common shares of the Corporation.

**"Corporate Manager"** means Laurier Capital Funding Inc.

**“DRIP”** the Corporation’s dividend reinvestment and preferred share purchase plan as described herein under “Item 5.1 – Terms of Securities – Dividend Reinvestment Plan”.

**“Financial Services Agreement”** means the amended and restated financial services agreement dated the date hereof, as may be amended from time to time, between the Corporation and the Investment Manager for the provision of financial services relating to the management of the Corporation's mortgage investment portfolio.

**“First Mortgage”** means a mortgage having priority over all other security interests registered against the same real property used to secure such mortgage for which the principal amount, at the time of commitment, does not exceed 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser.

**“GAAP”** means the Canadian generally accepted accounting principles consistently applied.

**“Investment Manager”** means Morrison Financial Mortgage Corporation.

**“Management Services Agreement”** means the management services agreement dated July 22, 2013, as may be amended from time to time, between the Corporation and the Corporate Manager for the provision of management services to the Corporation.

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

**“Mortgage Loans”** means mortgages granted to the Investment Manager or its affiliates, as security for loans by builders, developers and owners of commercial, industrial and residential real estate located in the Province of Ontario.

**“Net Income”** or **“Net Loss”** means, with respect to any fiscal period, the net income or net loss, as the case may be, of the Corporation, as determined by the Corporation in accordance with Canadian generally accepted accounting principles.

**“NI 45-106”** means National Instrument 45-106 - *Prospectus and Registration Exemptions*, as may be amended from time to time.

**“Offering”** means the offering of Preferred Shares described herein and any amendment hereto.

**“Offering Memorandum”** means this offering memorandum, including any amendment hereto or thereto.

**“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

**“Preferred Shares”** means First Preferred Shares of the Corporation and includes the Series C Preferred Shares and Series F Preferred Shares offered hereunder.

**“Redemption Price”** shall have the meaning ascribed thereto in Section 5.1 – Terms of Securities - Liquidation.

**“Resident”** means a Person (other than a partnership) that is resident in Canada for the purposes of the Tax Act, and a “Canadian partnership” as defined in the Tax Act.

**“Residential Mortgages”** means mortgages that are principally secured by mortgage registrations on residential property titles.

**“Second Mortgage”** means a Second Mortgage for which the principal amount, at the time of commitment, together with the principal balance outstanding on any mortgage having priority on the same real property secured by such Second Mortgage, does not exceed 80% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser.

**“Securities Regulatory Authorities”** means, collectively, the securities commissions or similar securities regulatory authorities in the Selling Jurisdictions.

**“Selling Jurisdictions”** means the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario, and such other jurisdictions as the Corporation may determine.

**“Series A Preferred Shares”** means the First Preferred Shares, Series A of the Corporation which as at March 8, 2013 were reclassified into Series C Preferred Shares.

**“Series B Preferred Shares”** means the First Preferred Shares, Series B of the Corporation which as at March 8, 2013 were reclassified into Series C Preferred Shares.

**“Series C Preferred Shares”** means the First Preferred Shares, Series C of the Corporation offered hereunder.

**“Series F Preferred Shares”** means the First Preferred Shares, Series F of the Corporation offered hereunder.

**“Series I Preferred Shares”** means the First Preferred Shares, Series I of the Corporation which as at March 8, 2013 were reclassified into Series F Preferred Shares.

**“Shareholders Agreement”** means the shareholders agreement dated August 19, 2009, as amended October 22, 2013 and as may be further amended from time to time, between the Corporation, the Corporate Manager and the holders of the Common Shares setting forth the manner in which certain of the affairs of the Corporation will be conducted and other matters governing the Common Shares of the Corporation.

**“Subscriber”** or **“Purchaser”** means the purchaser of the securities pursuant to the Offering.

**“Subscription Agreement”** or **“Subscription”** means the subscription agreement set forth in Schedule “A” to this Offering Memorandum and which must be completed by the Subscriber and delivered for acceptance to the Corporation along with, among other things, a certified cheque, money order or bank draft for the subscription amount of the Preferred Shares subscribed for.

**“Tax Act”** means the *Income Tax Act* (Canada) and the Regulations promulgated there under, as amended from time to time.

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## ITEM 1: USE OF AVAILABLE FUNDS

### 1.1 Funds

The net proceeds of this Offering are as follows:

		Assuming maximum offering
A	Amount to be raised by this Offering	\$100,000,000
B	Selling Commissions and Fees <sup>(1)</sup>	\$0 <sup>(1)</sup>
C	Estimated Offering costs (e.g. legal, accounting, audit) <sup>(2)</sup>	\$90,000
D	Net proceeds: $D = A - (B + C)$	\$99,910,000
E	Additional sources of funding required	\$0
F	Working capital deficiency	\$0
G	<b>Total H = (D + E) – F</b>	<b>\$99,910,000</b>

Notes:

- (1) No fees or commissions shall be payable to eligible persons seeking Subscribers for any of the Preferred Shares other than eligible persons seeking Subscribers for Series C Preferred Shares would be entitled to an annual trailing fee of 0.50% of every Series C Preferred Share that continues to be held by Subscribers introduced by such eligible persons and 0.50% of all additional Series C Preferred Shares acquired by such Subscribers under the Corporation's DRIP. The trailing fee shall be payable monthly. No trailing fee shall be payable in connection with Series F Preferred Shares. In addition, eligible persons seeking Subscribers for any of the Preferred Shares may charge their clients additional fees or commissions to purchase or sell such Preferred Shares. See Item 7.
- (2) Offering costs include legal, bookkeeping, marketing, accounting and audit and other fees payable by the Corporation to its advisors.

From the date of its inception on August 19, 2009 to May 31, 2016, the Corporation raised gross proceeds of \$95,992,730 including \$4,543,011.44 re-invested through the Corporation's dividend reinvestment plan. Over this same period, there were redemptions totalling \$29,751,841.57 which together with offering costs and fees of \$1,777,176.21, resulted in net proceeds to the Corporation of \$68,986,723.66 from inception to May 31, 2016. See Item 4.3 "Prior Sales". As at May 31, 2016, the Corporation's investment in mortgages is \$63,493,904. See Section 2.3 "Development of the Business – The Portfolio".

As at the date of this Offering Memorandum, the Corporation does not have a working capital deficiency.

### 1.2 Use of Available Funds

The Corporation will use all available funds to develop the business of the Corporation by investing in mortgage investments in accordance with the policies and guidelines set out under Item 2.

Description of intended use of net proceeds listed in order of priority	Assuming minimum offering	Assuming maximum offering
Investment in mortgages as described under Item 2	N/A	\$99,910,000

### 1.3 Reallocation

We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons.

## ITEM 2: BUSINESS OF THE CORPORATION

### 2.1 Structure

The Corporation was incorporated under the BCA on August 19, 2009.

On November 30, 2010, a special meeting of the Corporation was convened. At that meeting, the holders of Common Shares and Class A Preferred Shares, each voting separately as a class, authorized the filing of articles of amendment pursuant to which the rights, privileges, restrictions and conditions relating to the Corporation's Class A Preferred Shares are to be amended as follows:

- (a) redesignating the authorized and unissued Class A Preferred Shares of the Corporation as First Preferred Shares;
- (b) providing for the First Preferred Shares to be issuable in series, with the first two series designated as Series A ("Series A Preferred Shares") and Series I ("Series I Preferred Shares"); and
- (c) reclassifying each issued and outstanding Class A Preferred Share of the Corporation as one Series A Preferred Share. The terms of the Series A Preferred Shares are equal in all respects to the previously issued Class A Preferred Shares except there are more favourable terms associated with the Series A Preferred Shares with respect to the hold period prior to the exercise of the Retraction Right and the Redemption Price payable to holders upon the exercise of the Retraction Right.

On November 28, 2011, the directors authorized the filing of articles of amendment, providing for the creation and issuance of a new series of Preferred Shares designated as Series B ("Series B Preferred Shares").

On March 8, 2013, the directors authorized the filing of articles of amendment, providing for the creation and issuance of two new series of Preferred Shares designated as Series C ("Series C Preferred Shares") and Series F ("Series F Preferred Shares"). In addition, pursuant to the articles of amendment, each issued and outstanding Series A Preferred Shares and Series B Preferred Shares were reclassified as Series C Preferred Shares and each issued and outstanding Series I Preferred Shares were reclassified as Series F Preferred Shares, such that the Corporation is currently authorized to issue an unlimited number of Common Shares and Preferred Shares, issuable in series, with the two current issued and outstanding series designated as Series C Preferred Shares and Series F Preferred Shares. See Item 5.1

On December 3, 2013, the directors ratified, confirmed and approved the fixing of the redemption amount for which Preferred Shares may be redeemed and retracted and for which holders shall be entitled on liquidation (see Section 5.1 – Terms of Securities) for all Preferred Shares previously issued and outstanding and all Preferred Shares issued and outstanding thereafter at the lesser of (i) \$10.00; and (ii) the net asset value of the First Preferred Share per share. See Section 2.2, 'Retraction Policies' for further details.

On June 14, 2016, a special meeting of the Corporation was convened. At that meeting, the holders of Common Shares and Class A Preferred Shares, each voting separately as a class, authorized the filing of articles of amendment pursuant to which the share transfer restriction requiring board of director consent was removed, and thereby allowing for the Corporation's shares to be eligible for participation in the book-entry only system maintained by CDS Clearing and Depository Services Inc. ("CDS"). In conjunction with the foregoing amendment, the articles were amended to add a repurchase right in favour of the Corporation to ensure that no one shareholder, together with related persons, holds more than 25% of any class of the issued shares of the Corporation in contravention of the provisions of the *Income Tax Act* (Canada) governing 'mortgage investment corporations'. See Section 5.1 "Terms of Securities" – "Restrictions on Ownership" and "CDS Book-Entry Only System."

The head office and the registered office of the Corporation is located at 8 Sampson Mews, Suite 202, Toronto, Ontario M3C 0H5.

The Corporation is not a reporting issuer or equivalent in any jurisdiction and its securities are not listed or posted for trading on any stock exchange or market.

## **2.2 Our Business**

### ***General***

The Corporation qualifies and carries on business as a MIC. In order to maintain its status as a MIC, the Corporation will endeavour to meet the criteria required by the Tax Act including the requirement to invest at least 50% of its assets in Residential Mortgages and deposits with Canada Deposit Insurance Corporation (“**CDIC**”) insured institutions or credit unions.

The Corporation will not actively employ resources to actively seek or originate mortgages for investment, but instead will rely on the expertise of the Investment Manager for a regular flow of investment opportunities. To the extent that the Corporation’s funds are not invested in mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or will be invested by the Investment Manager on the Corporation’s behalf in short term deposits, savings accounts or government guaranteed income certificates so that the Corporation maintains a level of working capital for its ongoing operations considered acceptable by the Corporate Manager and the directors of the Corporation.

The Corporation intends to operate its business in various provinces as opportunities arise, and will apply, if necessary, to become registered under corporate and applicable mortgage brokering legislation to carry on business as a MIC in such provinces.

The Investment Manager is responsible for managing the Corporation’s mortgage investment portfolio and the Corporate Manager is responsible for managing the day-to-day operations and business affairs of the Corporation. The Financial Services Agreement and the Management Services Agreement sets out these relationships and, among other things, requires the Investment Manager to comply with and observe all laws that apply to the Corporation, its investments and its securities. The Investment Manager will obtain opinions from such counsel as it deems necessary in connection with such compliance. Accordingly, the Corporation does not have and does not expect to have any employees other than the officers listed under Item 3.

As a MIC, the Corporation is allowed to deduct dividends that it pays from its Net Income. The Corporation 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.

### ***Nature of Projects to be Financed***

The Corporation intends to enter into First Mortgage and Second Mortgage agreements with qualified mortgagors with such mortgages to be secured by the mortgagors' equity in residential and commercial properties and the terms of such mortgages will be consistent with terms of conventional mortgages having the usual and necessary provisions to constitute a full mortgage in good standing, properly registered in the appropriate Land Titles Offices and having real property as the primary security for the mortgages. Although the Corporation will give priority to higher interest rate mortgages to prospective mortgagors who cannot obtain mortgage funding through more conventional sources, the primary focus throughout will be on capital preservation.

The Corporation also intends to enter into foreclosure situations to assume existing mortgages presently in arrears on residential or commercial lands and intends to purchase residential or commercial lands directly from landowners and mortgagors with a view to reselling the aforesaid lands for profit.

### ***Investment Policies and Portfolio Development***

The Corporation’s mortgage portfolio composition will vary over time depending on the Investment Manager's assessment of the appropriate strategy given overall market conditions and outlook. The Corporation will endeavor to build a mortgage portfolio that encompasses the following general characteristics:

- (a) property type and geographical diversification;
- (b) short term loans, intermediate term loans and long term loans;
- (c) payment schedules primarily of interest only; and

- (d) loans in Canadian dollars on primarily Canadian based real estate.

Investments are expected to primarily be in the following types of mortgages:

1. Short-term Mortgage Construction Loans – Short-term mortgage construction loans generally finance the construction of commercial projects including multi-family residential projects and/or income-producing properties such as shopping centres, office and industrial buildings, and in some circumstances the acquisition of sites for such properties. In most cases, payment of advances on a construction loan is conditional upon the completion of various stages of construction, as indicated by reports of professional engineers, architects or quantity surveyors.
2. Short-term Mortgage Development Loans – A mortgage development loan is normally used to finance the acquisition of land and the installation and construction thereon of roads, drainage and sewage systems, utilities and similar improvements. Development loan advances are made pursuant to a stipulated schedule after an inspection and review of the project's progress by the lender or its agent and the furnishing of reports by professional engineers, architects or quantity surveyors. In some instances, development loans may be made to finance the acquisition of more land than will be improved immediately, or land the development of which is contemplated at a later date.
3. Short-term and Intermediate-term Bridging Mortgage Loans – These loans are primarily made for the purpose of enabling an owner of a completed or substantially completed income-producing property to obtain working capital for other business opportunities or to defer arranging long-term financing for a project in order to secure long-term mortgage terms at a later date. Short-term loans are generally for terms of three months to 12 months; intermediate term loans are generally for terms between 12 and 36 months and may provide for partial amortization of principal during the term.

#### ***Operating Policies***

Subject to the right of the Corporation, in consultation and upon notice to the Investment Manager, to revise the following restrictions from time to time, the Corporation has established certain restrictions on investments that may be made by it as follows:

1. The Corporation may invest only in Commercial Mortgages and Residential Mortgages. Investments will be made by purchasing interests in mortgages offered for sale by the Investment Manager.
2. The Corporation will invest only in First Mortgages or Second Mortgages.
3. A First Mortgage may not exceed 75% of the appraised value of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.
4. A Second Mortgage may not exceed 80% of the appraised value (net of any First Mortgage) of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.
5. Mortgages in which the Corporation invests may contain clauses permitting the mortgagor, when not in default, to renew the mortgage for additional terms at the sole discretion of the Investment Manager and not the borrower.
6. The Corporation may borrow funds in order to acquire or invest in specific mortgage investments or mortgage portfolios in amounts up to 50% of the book value of its portfolio of First Mortgages and at an interest rate less than the interest rate charged by the Corporation on the corresponding mortgage investment or portfolios to be acquired with such borrowed funds.
7. The Corporation may participate in mortgages on a syndication basis, subject to the approval by the Corporation's credit committee.

#### ***Retraction Policies***

The Corporation has established certain policies and guidelines in respect of the rights of retraction granted to holders of Preferred Shares in addition to those set out in the articles of the Corporation (see Item 5.1). The articles of the

Corporation provide that a holder of Preferred Shares may exercise his rights of retraction at any time by providing notice to the Corporation. The Corporation intends to review and fulfill such retraction notices on a monthly basis, to the extent possible, provided that any retraction notices received in the last 10 days of any month shall be satisfied, to the extent possible, in the next month. If the Corporation determines that there are insufficient funds available for the retraction of Preferred Shares, the Corporation will pay the applicable Redemption Price (as hereinafter defined) for the retracted Preferred Shares on a pro rata basis. Any Preferred Shares not retracted at such time may be submitted for retraction in the following month under the same terms as under the original notice of retraction. All of the foregoing shall be subject to the provisions of the BCA and provided that the fulfilment of any retraction notice would not result in the Corporation failing to qualify as a MIC. Retraction rights cannot be exercised by holders of either Series C Preferred Shares or Series F Preferred Shares until the Series C Preferred Shares or Series F Preferred, as the case may be, to be purchased by the Corporation have been held by the holder for a period of four full months from the date of issuance of such shares, and payment of retraction proceeds may take up to six months to be made.

On December 3, 2013, the directors ratified, confirmed and approved the fixing of the redemption amount for which Preferred Shares may be redeemed and retracted and for which holders shall be entitled on liquidation (see Section 5.1 – Terms of Securities) for all Preferred Shares previously issued and outstanding and all Preferred Shares issued and outstanding thereafter at the lesser of (i) \$10.00; and (ii) the net asset value of the First Preferred Share per share. Prior to December 3, 2013, the amount for which Preferred Shares were redeemed or retracted was at the subscription price therefor i.e. \$10.00 per share. The directors considered these changes to be in the best interest of the Corporation as a result of certain IFRS accounting rules that apply to the Corporation which provide that all expenses incurred in connection with the raising of capital are not treated as ordinary capital outlays which can be amortized and expensed over time. Rather, they form a deficit on the Corporation's balance sheet under shareholders' equity. If holders of Preferred Shares were to continue to retract at the subscription price therefor rather than at net asset value the deficit on the balance sheet would continue to grow, and while prior holders will have been redeemed or retracted at the subscription price therefor, to the extent of the growing deficit, the Corporation will have no assets remaining to redeem the remaining holders in a liquidation scenario, thereby resulting in an inherently unfair situation for those remaining holders. Requiring retraction and redemption at net asset value essentially allows the Corporation to retrieve its costs of raising capital at the time holders elect to retract.

In connection with the foregoing, the Investment Manager has agreed pursuant to the Financial Services Agreement and the Participation Agreement to reimburse the Corporation for all costs of raising capital and deficits relating thereto to the extent that they (and not any bad debts of the Corporation) result in the Corporation's net asset value falling below 99% of par value. The Investment Manager's obligation to assume these costs ceases at all times that net asset value, before consideration of bad debts, is greater than 99% of par value. It also ceases in the event that either the Financial Services Agreement or the Participation Agreement is terminated. The Investment Manager will be entitled to an additional allocation of fees under the Participation Agreement in order to offset this obligation but it is not intended that the Investment Manager achieve any profit through this allocation, rather it will effectively allow any expense below 99% of par value to be expensed rather than a cost to the Corporation. The effect of the foregoing is to set for holders of Preferred Shares a redemption amount of 99% of par value or greater, subject to bad debts and so long as the Financial Services Agreement and the Participation Agreement are in force and effect. See 'Financial Services Agreement' and 'Master Mortgage Participation and Servicing Agreement' below for further details.

For further details on Preferred Share retraction rights, see Item 5.1.

### ***Investment Guidelines***

In addition, the Corporation has established the investment guidelines set out below that are consistent with the Corporation's articles of incorporation, the provisions of the Tax Act and real estate legislation applicable to the Corporation.

1. The Corporation's only undertaking will be to invest the Corporation's funds in accordance with its investment objectives, strategies and restrictions.
2. All mortgages will, following funding, be registered on title to the subject property in the Corporation's name, the Investment Manager, or its affiliates, or a nominee for ourselves or the Investment Manager.

3. No more than 50% of the Corporation's assets will be invested in mortgages over commercial and industrial real estate.
4. The Investment Manager intends to apply known and established procedures in the evaluation of mortgage opportunities.
5. The Corporation will not make any investment that would result in its failing to qualify as a MIC or which investment would impair its status as a MIC.
6. Subject to paragraph 10 below, the Corporation will not invest in securities, guaranteed investment certificates or treasury bills unless such securities, guaranteed investment certificates or treasury bills are issued by an arm's-length party and are pledged as collateral in connection with mortgage investments or obtained by realizing on such collateral.
7. The Corporation will not invest for the purposes of exercising control over management of any company.
8. The Corporation will not make short sales of securities or maintain a short position in any securities.
9. The Corporation will not guarantee the securities or obligations of any person.
10. To the extent that the Corporation's funds are not invested in mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or will be invested by the Investment Manager on the Corporation's behalf 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 Corporation's ongoing operations considered acceptable by its directors.

If, due to a change in the provisions of the Tax Act or other legislation applicable to the Corporation, any of the foregoing restrictions require amendment in order to comply with such change in legislation, the Corporation's directors may make such change and such change will be binding on the Corporation. It is anticipated that the Investment Manager will provide the Corporation with assistance from time to time on revision of the foregoing restrictions in order to comply with applicable legislation. In the event of any amendment to the foregoing restrictions, the Investment Manager will be required to comply with and observe such change immediately upon such change becoming effective.

#### ***The Investment Manager - Morrison Financial Mortgage Corporation***

Morrison Financial Mortgage Corporation (the "**Investment Manager**") is a wholly-owned subsidiary of Morrison Financial Services Limited and, as such, is part of a financial services group of companies that has been operating continuously since July 1987 ("Morrison Financial Group"). The head and registered office of the Investment Manager is located at Suite 202, 8 Sampson Mews, Toronto, Ontario, M3C 0H5.

The Investment Manager is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any stock exchange or trading system.

In 1987, David Morrison founded Morrison Financial Services Limited as a boutique finance company servicing the needs of small and medium-sized businesses who could not meet the restrictive terms under which operating facilities are conventionally offered by the major banks in Canada. Morrison Financial Services Limited has operated successfully in this area since its founding and it continues to do so today as a well-recognized and well-regarded participant in the industry. While striving to be creative and service-oriented in its approach, Morrison Financial Services Limited employs known and established underwriting principles in the operation of its business.

With its success in the commercial finance area, Morrison Financial Services Limited eventually branched out into other activities. In 1993, it launched *CondoCorp Term Financing*<sup>TM</sup>, a specialized financing product that enabled registered condominium corporations to obtain term financing to effect major repairs to the properties they managed.

At or about the same time as it launched its *CondoCorp Term Financing*<sup>TM</sup> product, Morrison Financial Services Limited began engaging in select mortgage lending. This came largely at the behest of the institutional lenders with whom Morrison Financial Services Limited has transacted business in the commercial and condominium corporation lending businesses.

By 1995, the mortgage activities of the Morrison Financial Group had become quite substantial and it was decided that they should be conducted through a separate subsidiary. Consequently, in October of that year, the Investment Manager was formed as the vehicle through which Morrison Financial Group would conduct all of its mortgage-related activities.

The Investment Manager is a registrant and licensee in good-standing under the *Mortgage Brokerages, Lenders, and Administrators Act, 2006* (Ontario), operating under Mortgage Brokerage License No. 10047 and Mortgage Administrator License No. 11447.

As a broker, the Investment Manager provides financing for non-conventional projects, and specializes in commercial and industrial first mortgages including construction financing. The Investment Manager endeavours to maximize Subscribers overall corporate liquidity and to make sure that each deal is possible for the borrower through its customized terms. Since the Investment Manager to date has had the resources to fund commercial mortgages directly, it has been able to close transactions quickly and efficiently.

As an administrator, the Investment Manager syndicates mortgages to a growing number of sophisticated investors. Its corporate philosophy is simple – “Know our borrowers, maintain low loan-to value ratios, perform rigorous underwriting, and continuously monitor the borrower and property”. Its website is as follows: [www.morrisonfinancial.com](http://www.morrisonfinancial.com).

The Investment Manager provides real estate builders, developers and property owners with short term loans and intermediate term loans to fund new construction and term financing on land development and income-producing properties. The Investment Manager identifies new mortgage investment opportunities through its network of contacts in the builder, developer and mortgage broker industries. The Investment Manager develops its mortgage portfolio through the following activities:

1. Direct Origination - The Investment Manager originates mortgages through direct negotiations with borrowers such as real estate builders, developers and property owners.
2. Agency Origination - The Investment Manager utilizes various professionals such as lawyers, bankers, brokers and developers to assist in identifying mortgage investment opportunities.

It is also intended that the Investment Manager will attempt to develop its mortgage portfolio through purchases in the secondary market, which will include purchasing blocks of mortgages at market yields from, among others, financial institutions, investment dealers and pension funds, all of whom are expected to be at arm's length to the Investment Manager.

Each mortgage investment opportunity is expected to be reviewed by the Investment Manager's management to ensure it meets or exceeds the Corporation's investment objectives, practices and restrictions and is expected to be evaluated on its own financial and business merits and against current market conditions. Assessments and evaluations of all mortgage opportunities will be reviewed by the Investment Manager applying its known and established procedures and which usually consists of, depending on the nature of the investment, a general assessment of: (i) the project and financial information provided by the borrower; (ii) the security provided; (iii) current market conditions; and (iv) overall risk to the Investment Manager, the Corporation and other co-lenders.

If approved by the Investment Manager, a mortgage investment opportunity is then summarized on a term sheet for distribution to existing co-lenders, newly interested parties and the Corporation for their review and possible investment. Capital funding is fulfilled on a first come, first served basis. As may be required, mortgages may be registered on title in the name of the Investment Manager or nominee bare trustees acting for the Investment Manager.

The Investment Manager and its directors and officers may make direct investments as co-lenders along with the Corporation in mortgages approved by the Investment Manager's credit committee and the Corporation's credit committee.

Subscribers should be aware that historical results and performance are not necessarily indicative of future performance.

### ***Financial Services Agreement***

The Corporation has entered into the Financial Services Agreement pursuant to which Morrison Financial Mortgage Corporation has been appointed as the Investment Manager. The Financial Services Agreement provides that the Investment Manager will make available to the Corporation for purchase, in the Corporation's name or in the name of the Investment Manager or its affiliates on the Corporation's behalf, mortgages or interests in mortgages as and when they become available. The Investment Manager will have the exclusive right to provide the Corporation with these mortgage investments.

The Investment Manager will oversee the day to day mortgage investment and the mortgage administrative services provided by the Investment Manager for the Corporation's business and shall adhere to the Corporation's investment strategy.

The Financial Services Agreement provides the right for the Investment Manager, or its principals or affiliates, to purchase with their own funds and own as co-lenders, percentage interests in mortgage loans. The Investment Manager may also sell undivided percentage interests in Mortgage Loans to other co-lenders. The Investment Manager also has the right to take such actions as may be necessary or desirable in its discretion to administer the Mortgage Loans. In the administration or collection or enforcement of any Mortgage Loan, the Investment Manager may, but shall not be obligated to, retain solicitors, counsel and other experts and receivers and advance such funds as it considers reasonable or necessary in order to preserve, protect, defend or improve its interests in any Mortgage Loan or any real property. The Investment Manager shall endeavor to collect the amount of all costs incurred or advances made from the borrower but, in all events, the Corporation and any other co-lenders shall indemnify the Investment Manager for and shall pay to the Investment Manager such co-lender's percentage interest of such costs within 30 Business Days of demand by the Investment Manager plus interest at the interest rate payable by the borrower respecting such loan, to the date of payment both before and after judgment. The Investment Manager will have a lien over the Corporation's percentage interest for any such unpaid costs.

The Investment Manager will pay all of its costs, expenses and overhead relating to the provisions of its services. The Investment Manager will also reimburse the Corporation up to a maximum of \$150,000 (inclusive of HST) per annum for all pre-approved expenses relating to legal, rent, audit, shareholder meetings, communication costs and computer expenses. In addition, the Investment Manager will reimburse the Corporation for all costs of raising capital and deficits relating thereto to the extent that they (and not any bad debts of the Corporation) result in the Corporation's net asset value falling below 99% of par value. The Investment Manager's obligation to assume these costs ceases at all times that net asset value, before consideration of bad debts, is greater than 99% of par value. It also ceases in the event that either the Financial Services Agreement or the Participation Agreement (referred to below under 'Master Mortgage Participation and Servicing Agreement') are terminated. All of the Corporation's other costs including those relating to collecting or attempting to collect any amount owing or in arrears on any of the Corporation's mortgage investments, or any portion thereof pro rata, including any foreclosures or other court proceedings shall be for the account of the Corporation.

The Financial Services Agreement is for an indefinite term. It may be terminated by the Corporation at any time upon 60 days written notice or in the event that:

- (a) bankruptcy, receivership or liquidation order is issued against the Investment Manager;
- (b) the Investment Manager makes an assignment for the benefit of creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);
- (c) the Investment Manager assigns the Financial Services Agreement or its rights or obligations thereunder to any person who is not an affiliate of the Investment Manager without the prior written consent of the directors of the Corporation;
- (d) the Investment Manager commits a breach or default under the Financial Services Agreement not related to the payment of any money to be paid by the Investment Manager to the Corporation and the same is not cured within 45 days of the Investment Manager receiving notice thereof; or



- (e) the Investment Manager commits a breach or default under the Financial Services Agreement related to the payment of any money to be paid by the Investment Manager to the Corporation and the same is not cured within 15 days of the Investment Manager receiving notice thereof; or
- (f) upon the Corporation providing 30 days written notice to the Investment Manager, in the event of the persistent failure of the Investment Manager to perform its duties and discharge its obligations under the Financial Services Agreement, or the continuing malfeasance or misfeasance of the Investment Manager in the performance of its duties thereunder.

The Investment Manager may terminate the Financial Services Agreement in the event that:

- (a) a bankruptcy, receivership or liquidation order is issued against the Corporation;
- (b) the Corporation makes an assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada); or
- (c) the Investment Manager gives the Corporation 120 days' prior written notice of intention to resign and to terminate the Financial Services Agreement.

The Financial Services Agreement may also be terminated by mutual consent in writing.

The Investment Manager must render its services under the Financial Services Agreement honestly and in good faith in a conscientious and reasonable manner and must exercise the care, diligence and skill of a reasonably prudent and qualified manager. Further, the Investment Manager agrees that funds of the Investment Manager will not be commingled with any funds of the Corporation.

The liability of the Corporation pursuant to the Financial Services Agreement has been limited such that the Investment Manager agrees that it shall only look to the Corporation's property and assets for satisfaction of any claims arising out of or in connection with such agreement. Also, except as otherwise provided in the Financial Services Agreement, or for any material breach or default of the obligations of the Investment Manager thereunder, neither the Investment Manager, nor any of its directors, officers, employees, consultants or agents shall be subject to any liability whatsoever, in tort, contract, or otherwise, in connection with the affairs of the Corporation, including, without limitation, in respect of any loss or diminution in value of any of the Corporation's property or assets. The Corporation shall be solely liable therefore and resort shall be had solely to the Corporation's property or assets for the payment or performance thereof.

Pursuant to the terms of the Financial Services Agreement, the Corporation has agreed that it shall indemnify and reimburse the Investment Manager, as well as its directors, officers, employees, consultants or agents, against all liabilities and expenses reasonably incurred in connection with the Investment Manager's services thereunder, except for liabilities and expenses resulting from such party's willful misconduct, bad faith, gross negligence, disregard of the duties or standard of care, diligence, or material breach or default of the Financial Services Agreement. The Investment Manager agreed that it shall indemnify and save harmless the Corporation, and its directors, officers, employees, consultants and agents, from and against all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding to which it may be made a party by reason of the Investment Manager's willful misconduct, bad faith, gross negligence or disregards of its duties or standard of care, diligence and skill or a material breach or default under the Financial Services Agreement. This indemnity survives the removal or resignation of the Investment Manager in connection with any and all of its duties and obligations under the Financial Services Agreement and shall survive the termination of such agreement.

#### ***Master Mortgage Participation and Servicing Agreement***

Pursuant to an amended and restated master mortgage participation and servicing agreement dated the date hereof (the "**Participation Agreement**") between the Corporation and the Investment Manager, the Investment Manager has agreed to offer the Corporation the opportunity to participate in all mortgage loans originated by the Investment Manager and the Corporation has agreed to do so. Pursuant to the Participation Agreement, the Investment Manager has also agreed to service and administer all mortgage loans in which the Corporation may be a participant. In accordance with the terms of the Participation Agreement, the Corporation has granted the Investment Manager a right of first refusal prior to any sale of its interest in mortgage loans in which it participates under the Participation Agreement. Nothing in the Participation Agreement prevents the Investment Manager from offering participation in one or more of mortgage loans originated by it, on a priority basis or otherwise, to parties other than the Corporation. Nothing in the Participation Agreement prevents

any particular mortgage originated by the Investment Manager from being excluded at the election of either the Investment Manager or the Corporation. In the event of the termination of the Investment Manager's appointment under the Financial Services Agreement, the portfolio of outstanding mortgage loans covered by the Participation Agreement shall be wound down in the ordinary course through collections and the Corporation repaid. Alternatively, the Investment Manager may source an alternative investor for the Corporation's interest in any mortgage loan covered by the Participation Agreement or the portfolio of mortgage loans as a whole. In the event of any conflict between the Participation Agreement and the Financial Services Agreement, the terms of the Financial Services Agreement shall prevail.

The Participation Agreement provides that interest earned in respect of the Corporation's respective interest in each mortgage loan shall be payable as follows: (i) the initial one percent (1%) of interest earned shall be payable to the Investment Manager; (ii) the subsequent prime plus 2.5% of interest earned shall be payable to the Corporation (where prime is the rate of interest per annum established from time to time by the Investment Manager's Bank as the reference rate of interest for the determination of interest rates that such Bank will charge for commercial loans (in Canadian dollars) made in Canada); and (iii) the balance of interest earned shall be shared equally between the Corporation and the Investment Manager. The Participation Agreement also provides that interest earned on the Corporation's funds that are not invested in mortgages from time to time, but held in cash deposited with a Canadian chartered bank or invested in short term deposits, savings accounts or government guaranteed income certificates or treasury bills shall be distributed according to the foregoing formula; provided such invested funds are equal or greater than \$250,000. If such funds are less than \$250,000, the Corporation shall retain all interest earned thereon.

The Participation Agreement provides that the Investment Manager may, from time to time, charge commitment fees to borrowers with respect to any mortgage loan. The Participation Agreement provides that such commitment fees shall be payable as follows: (i) the initial 1% of such fees shall be paid to the Investment Manager; and (ii) the balance of such fees shall be shared equally between the Investment Manager (as to 50%) and all other participants in the mortgage (including the Corporation, the Investment Manager and certain other investors) in proportion to their respective interests therein (as to 50%); provided that in calculating Corporation's share of the interest earned from mortgage loans, there shall be an additional amount allocated to the Investment Manager, said amount to equate approximately to, and to offset, the cost of raising capital and deficit reduction obligations assumed by the Investment Manager as further described under 'Financial Services Agreement' above. This allocation shall be adjusted from time to time, having regard to the circumstances, and shall at all times remain subject to approval of the Corporation and the Corporate Manager. The Participation Agreement further provides that the Investment Manager may, from time to time, charge administration and similar fees to borrowers with respect to any mortgage loan in accordance with industry practice and such fees shall not be subject to sharing with the Corporation.

Other than as provided for in the Participation Agreement or the Financial Services Agreement, the Investment Manager will receive no other compensation in connection with its provision of services as Investment Manager.

#### ***The Corporate Manager – Laurier Capital Funding Inc.***

Laurier Capital Funding Inc. (the "Corporate Manager" or "LCFI") was incorporated under the BCA on January 30, 2013. The head office and registered office of the Corporate Manager is located at 8 Sampson Mews, Suite 202, Toronto, Ontario M3C 0H5.

The Corporate Manager is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any stock exchange or trading system.

The Corporate Manager is registered as an exempt market dealer in the Province of Ontario.

#### ***Management Services Agreement***

The Corporation has entered into the Management Services Agreement with the Corporate Manager as of July 22, 2013. Prior to that date, Laurier Capital Properties Inc. acted as the corporate manager of the Corporation pursuant to a management services agreement dated August 20, 2009, as amended. Pursuant to the Management Services Agreement, LCFI, a registered exempt market dealer in the Province of Ontario, has been appointed as the Corporate Manager of the

Corporation as well as to assist it in the marketing, arranging and facilitating the completion of, the sale of Preferred Shares.

In consideration for its services, the Corporate Manager receives a trailer fee based on the average gross assets under administration by the Corporation. The Corporate Manager receives a trailer fee of: (i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and (ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. As at May 31, 2016, the Corporation had \$68,003,227.80 gross assets under administration. The trailer fee is calculated and paid on a monthly basis.

The Corporate Manager will pay all of its costs, expenses and overhead relating to the provisions of its services including all costs and expenses incurred by the Corporate Manager applicable to its operations, including salaries, employee expenses, office rent and equipment and any other overhead expenses. The Corporate Manager is however entitled to be reimbursed for expenses properly attributable to the Corporation, including expenses relating to the Offering.

The Management Services Agreement is for an indefinite term. It may be terminated by the Corporation at any time upon 60 days written notice or in the event that:

- (a) a bankruptcy, receivership or liquidation order is issued against the Corporate Manager;
- (b) the Corporate Manager makes an assignment for the benefit of creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);
- (c) the Corporate Manager assigns the Management Services Agreement or its rights or obligations thereunder to any person who is not an affiliate of the Corporate Manager without the prior written consent of the directors of the Corporation;
- (d) the Corporate Manager commits a breach or default under the Management Services Agreement not related to the payment of any money to be paid by the Corporate Manager to the Corporation and the same is not cured within 45 days of the Corporate Manager receiving notice thereof; or
- (e) the Corporate Manager commits a breach or default under the Management Services Agreement related to the payment of any money to be paid by the Corporate Manager to the Corporation and the same is not cured within 15 days of the Corporate Manager receiving notice thereof; or
- (f) upon the Corporation providing 30 days written notice to the Corporate Manager, in the event of the persistent failure of the Corporate Manager to perform its duties and discharge its obligations under the Management Services Agreement, or the continuing malfeasance or misfeasance of the Corporate Manager in the performance of its duties thereunder.

The Corporate Manager may terminate the Management Services Agreement in the event that:

- (a) a bankruptcy, receivership or liquidation order is issued against the Corporation;
- (b) the Corporation makes an assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada); or
- (c) the Investment Manager gives the Corporation 120 days' prior written notice of intention to resign and to terminate the Management Services Agreement.

The Management Services Agreement may also be terminated by mutual consent in writing.

The Corporate Manager must render its services under the Management Services Agreement honestly and in good faith in a conscientious and reasonable manner and must exercise the care, diligence and skill of a reasonably prudent and qualified manager. Further, the Corporate Manager agrees that funds of the Corporate Manager will not be commingled with any funds of the Corporation.

The liability of the Corporation pursuant to the Management Services Agreement has been limited such that the Corporate Manager agrees that it shall only look to the Corporation's property and assets for satisfaction of any claims arising out of or in connection with such agreement. Also, except as otherwise provided in the Management Services Agreement, or for

any material breach or default of the obligations of the Corporate Manager thereunder, neither the Corporate Manager, nor any of its directors, officers, employees, consultants or agents shall be subject to any liability whatsoever, in tort, contract, or otherwise, in connection with the affairs of the Corporation, including, without limitation, in respect of any loss or diminution in value of any of the Corporation's property or assets. The Corporation shall be solely liable therefore and resort shall be had solely to the Corporation's property or assets for the payment or performance thereof.

Pursuant to the terms of the Management Services Agreement, the Corporation has agreed that it shall indemnify and reimburse the Corporate Manager, as well as its directors, officers, employees, consultants or agents, against all liabilities and expenses reasonably incurred in connection with the Corporate Manager's services thereunder, except for liabilities and expenses resulting from such party's wilful misconduct, bad faith, gross negligence, disregard of the duties or standard of care, diligence, or material breach or default of the Management Services Agreement. The Corporate Manager agreed that it shall indemnify and save harmless the Corporation, and its directors, officers, employees, consultants and agents, from and against all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding to which it may be made a party by reason of the Corporate Manager's wilful misconduct, bad faith, gross negligence or disregard of its duties or standard of care, diligence and skill or a material breach or default under the Management Services Agreement. This indemnity survives the removal or resignation of the Corporate Manager in connection with any and all of its duties and obligations under the Management Services Agreement and shall survive the termination of such agreement.

### ***Shareholders Agreement***

The Corporation entered into the Shareholders Agreement with the holders of all of the Common Shares of the Corporation (the "Common Shareholders"), setting forth the manner in which certain of the affairs of the Corporation shall be conducted and governing matters related to Common Shares of the Corporation. The Shareholders Agreement provides that the board of directors of the Corporation shall consist of four (4) directors and that the Corporate Manager be entitled to nominate one (1) director. The Shareholders Agreement provides that certain fundamental matters, such as amendments to its articles or by-laws, the issuance or transfer of Common Shares other than as provided for in the Shareholders Agreement, the winding-up, dissolution or termination of the Corporation and any material change in the business of the Corporation, must be approved by unanimous consent of the Common Shareholders. Upon a death, bankruptcy, default or such other similar event, of a Common Shareholder the other Common Shareholders shall have the option to purchase all of the Common Shares owned by such retiring Common Shareholder, and if not purchased by the remaining Common Shareholders, the Corporation shall have the option to purchase the Common Shares of such retiring Common Shareholder for cancellation in either of which events the nominees on the board of directors and as officers of the Corporation allocated to such retiring Common Shareholder shall resign. The Shareholders Agreement also sets forth a right of first refusal granted to the Common Shareholders, whereby any bona fide offer from a third party to purchase the Common Shares from a Common Shareholder must be given to the other Common Shareholders for consideration and such Common Shareholder shall have the option to purchase the offered Common Shares at the same price and on the same conditions set forth in the third party offer, prior to any sale being made with such third party.

### ***Investment Manager Subscription Agreement***

On April 30, 2010, the board of directors of the Corporation considered it expedient and in the best interests of the Corporation to redeem 7,875,000 issued and paid-up Preferred Shares held by the Investment Manager at a redemption price of \$10.00 per share including to be able to meet the requirements of the Tax Act for qualifying as a "mortgage investment corporation" as defined thereunder, provided as a condition precedent the Investment Manager irrevocably subscribes for and agrees to purchase up to a maximum of 787,500 Preferred Shares at \$10.00 per share that would, after giving effect to the holdings of other subscribers of Preferred Shares, result in the Investment Manager holding the greatest number of Preferred Shares without holding (directly or indirectly) more than 25% of the issued and outstanding Preferred Shares.

Accordingly, on April 30, 2010, the Corporation redeemed 787,500 Preferred Shares held by the Investment Manager and the total amount of \$7,875,000 was paid to the Investment Manager as the redemption price for the redeemed shares. As at April 30, 2010, the Investment Manager held 12,500 Preferred Shares. Contemporaneously with the redemption, the Investment Manager entered into an agreement (the "Investment Manager Subscription Agreement") pursuant to which it irrevocably subscribed for and agreed to purchase up to a maximum of 787,500 Preferred Shares at \$10.00 per share that would, after giving effect to the holdings of other subscribers of Preferred Shares, result in the Investment Manager

holding the greatest number of Preferred Shares without holding (directly or indirectly) more than 25% of the issued and outstanding Preferred Shares. During the period commencing April 30, 2010 to the date of this Offering Memorandum, the Investment Manager has, pursuant to its obligations under the Investment Manager Subscription Agreement, subscribed for an aggregate of 12,500 Preferred Shares at \$10.00 per share (which shares were directed to be held in the RRSP account of David Morrison, the controlling shareholder of the Investment Manager).

### ***Conflict of Interest***

The Corporation, the Investment Manager and the Corporate Manager and their respective associates, affiliates, directors and officers may be, and are permitted to be, engaged in and continue in other businesses in which the Corporation will not have an interest and which may be competitive with the activities of the Corporation and, without limitation, the Corporation's associates, affiliates and their respective directors and officers (including the directors and officers of the Corporation) may be and are permitted to act as a partner, shareholder, director, officer, joint venturer, advisor or in any other capacity or role whatsoever of, with or to other entities, including limited partnerships, which may be engaged in all or some of the aspects of the affairs of the Corporation and may be in competition with the Corporation. Some or all of the directors and/or officers of the Corporation and the holders of Common Shares of the Corporation may (i) act as agents under the Offering and receive commissions and fees therefrom; (ii) are also directors and/or officers of other affiliates of the Corporation; and (iii) may be directors, officers and/or trustees of other entities that may acquire Preferred Shares under the Offering, which number of Preferred Shares so acquired may be significant.

Pursuant to the terms of the Management Services Agreement, the Corporate Manager, a registered exempt market dealer in the Province of Ontario, has been retained to act as the corporate manager of the Corporation as well as assist it in marketing, arranging and facilitating the completion of, the sale of Preferred Shares.

**The Corporation is a related issuer of the Corporate Manager by virtue of common influential securityholders. Adam Rose holds 25% of the voting securities of the Corporation and all of the voting securities of the Corporate Manager. The Corporation is a connected issuer of the Corporate Manager by virtue of common directors and officers. Adam Rose is the Treasurer/Secretary and a director of the Corporation and is also the sole director and officer of the Corporate Manager. The Corporation is also a connected issuer of the Corporate Manager by virtue of the Corporate Manager's role in providing management services to the Corporation and its compensation thereby.**

The decision to distribute the Preferred Shares being offered hereunder was made upon the recommendation of the Corporate Manager in its capacity as the corporate manager of the Corporation. None of the proceeds of the issuance of the Preferred Shares will be applied for the benefit of the Corporate Manager or any of its related issuers (other than the Corporation). Nevertheless, for its services, the Manager is entitled to a trailer fee based on the average gross assets under administration by the Corporation. The Corporate Manager receives a trailer fee of: (i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and (ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. As at May 31, 2016, the Corporation had \$68,003,227.80 gross assets under administration. The trailer fee is calculated and paid on a monthly basis. The Corporate Manager will pay all of its costs, expenses and overhead relating to the provisions of its services including all costs and expenses incurred by the Corporate Manager applicable to its operations, including salaries, employee expenses, office rent and equipment and any other overhead expenses. The Corporate Manager is however entitled to be reimbursed for expenses properly attributable to the Corporation, including expenses relating to the Offering. In addition, pursuant to the terms of the Management Services Agreement, the Corporation has agreed that it shall indemnify and reimburse the Corporate Manager, as well as its directors, officers, employees, consultants or agents, against all liabilities and expenses reasonably incurred in connection with the Corporate Manager's services thereunder, except for liabilities and expenses resulting from such party's wilful misconduct, bad faith, gross negligence, disregard of the duties or standard of care, diligence, or material breach or default of the Management Services Agreement. See "Management Services Agreement" above.

### ***Governance Changes***

Effective October 22, 2013, Mr. David Morrison resigned from his position as a director and officer of the Corporation. At that time, Mr. Rick Glatt and Mr. Dustin Mandel were elected to the board of directors. Given his control of, and role at the Investment Manager, it was determined that the resignation of Mr. Morrison as a director and officer of the Corporation would minimize any potential for perceived or actual conflicts of interest in connection with the duties and

responsibilities of the Investment Manager under the Investment Management Agreement. In addition, the Shareholders' Agreement was amended effective October 22, 2013 to eliminate the right of the Investment Manager to nominate and/or appoint any directors and officers of the Corporation. In order to further reduce the potential for perceived or actual conflicts, the Shareholders' Agreement was also amended to reduce the number of nominees the Corporate Manager may nominate from two nominees to one nominee, thereby ensuring that a majority of the board of directors are independent of the Investment Manager and Corporate Manager.

Effective April 20, 2015 and April 22, 2015, Mr. Rick Glatt and Mr. Dustin Mandel, respectively, resigned from their positions as directors of the Corporation to pursue other opportunities. In order to fill the vacancy left on the board of directors by Mr. Glatt and Mr. Mandel's departures, Mr. Sloan Levett and Mr. Alan Farber were elected directors of the Corporation, effective July 17, 2015.

## 2.3 Development of the Business

The Corporation has been in operation since August 19, 2009. The Corporation's business is limited to investing the net proceeds of this Offering in mortgage investments in accordance with the policies and guidelines set out under Item 2. For the calendar year 2012, the Corporation has delivered an annualized yield (net of all fees and expenses of the Corporation) of 7.50% on the Series A Preferred Shares, 6.00% on the Series B Preferred Shares and 8.25% on the Series I Preferred Shares. For the period commencing January 1, 2013 and ending March 8, 2013, the Corporation has delivered an annualized yield (net of all fees and expenses of the Corporation) of 7.00% on the Series A Preferred Shares, 6.00% on the Series B Preferred Shares and 7.75% on the Series I Preferred Shares. For the period commencing on the date of creation of the Series C Preferred Shares and Series F Preferred Shares (namely, March 8, 2013) and ending May 31, 2016, the Corporation has delivered an annualized yield (net of all fees and expenses of the Corporation) of 5.7189% on the Series C Preferred Shares and 6.2178% on the Series F Preferred Shares.

### *The Portfolio*

As at **March 31, 2016**, the Corporation has invested \$59,593,904 in mortgages with the funds raised under prior Offerings. The following table illustrates the location, property type, security position and the participation of the Corporation and the Investment Manager in the 14 Mortgage Loans in which the Corporation has an interest.

Project Location	Mortgage Type	Security Position	Mortgage Amount	Loan to Value	Face Rate of Mortgage	Other Investors in Mortgage	Amount after Other Investors	Morrison Laurier's Participation in Mortgage	Morrison Laurier's participation as a Percentage of Mortgage Amount	Mortgage participation as a Percentage of Morrison Laurier's Portfolio	Maturity Date
North York	Construction/Residential	First	\$11,383,370	67.50%	9.00%	\$7,150,000	\$4,233,370	\$4,070,331	35.76%	6.83%	03/31/17
North York	Mezz Construction/Residential	Second	\$2,043,437	74.16%	13.25%	\$-	\$2,043,437	\$1,964,738	96.15%	3.30%	03/31/17
Vaughan	Inventory/Residential	First	\$3,525,788	69.65%	10.00%	\$-	\$3,525,788	\$3,390,000	96.15%	5.69%	05/01/16
Richmond Hill	Mezzanine/ Commercial	First	\$3,610,466	30.88%	8.00%	\$3,300,000	\$310,466	\$298,509	8.27%	0.50%	12/01/16
Oakville	Mezz Construction/Residential	First	\$5,089,089	61.95%	12.00%	\$-	\$5,089,089	\$4,893,094	96.15%	8.21%	05/01/16
Oakville	Construction/Residential	First	\$6,709,472	35.59%	9.25%	\$-	\$6,709,472	\$6,451,071	96.15%	10.83%	05/01/16
Toronto	Construction/Residential	First	\$20,347,626	70.78%	7.75%	\$15,333,469	\$5,014,157	\$4,821,047	23.69%	8.09%	05/31/16
Toronto	Construction/Residential	First	\$13,977,208	65.00%	8.00%	\$-	\$13,977,208	\$13,438,905	96.15%	22.55%	09/20/16
Richmond Hill	Term/ Residential	Second	\$508,955	51.97%	8.00%	\$-	\$508,955	\$489,354	96.15%	0.82%	05/01/16
Toronto	Construction/Residential	First	\$1,800,436	64.54%	12.00%	\$-	\$1,800,436	\$1,731,096	96.15%	2.90%	08/01/16
Toronto	Construction/Residential	First	\$13,011,198	60.27%	9.50%	\$7,025,000	\$5,986,198	\$5,755,653	44.24%	9.66%	08/01/16
Toronto	Construction/Commercial	First	\$9,537,142	65.69%	7.75%	\$2,050,000	\$7,487,142	\$7,198,791	75.48%	12.08%	06/30/16
Mississauga	Construction/Residential	First	\$5,294,307	70.87%	8.50%	\$3,275,000	\$2,019,307	\$1,941,538	36.67%	3.26%	11/01/16
Toronto	Mezz Construction/Residential	Second	\$3,275,941	63.43%	12.00%	\$-	\$3,275,941	\$3,149,775	96.15%	5.29%	06/01/16
				Weighted Avg. LTV	Weighted Avg. Rate						
			\$100,114,437	63.09%	8.93%	\$38,133,469	\$61,980,968	\$59,593,904	59.53%	100.00%	

Security Diversification (MLMC Portion Only)			Geographic Diversification (MLMC Portion)		Rate		
% of 1st	90.60%	\$53,990,037	Total	\$59,593,904.00	7.99% or lower	2	14.29%
% of 2nd	9.40%	\$5,603,867	GTA	\$59,593,904.00	8.00% - 8.99%	4	28.57%
Total	100.00%	\$59,593,904			9.00% - 9.99%	3	21.43%
					10.00% or higher	5	35.71%
						14	
					Loan to Value		
					24.99% or lower	0	0.00%
					25.00% - 49.99%	2	14.29%
					50.00% - 74.99%	12	85.71%
					75.00% or higher	0	0.00%

Notes:

- (1) Actual registration on title may be comprised of two or more mortgages within total loan-to-value stated.
- (2) Amounts to others may rank in priority, all within, however, the loan-to-value stated.

## 2.4 Long Term Objectives

The Corporation's long term objective is to provide holders of Preferred Shares with sustainable income while preserving capital for distribution or re-investment. The Corporation will seek to achieve this principal investment objective by using the funds raised pursuant to this Offering and investing such funds in mortgages. The Corporation shall invest in both First Mortgages and Second Mortgages which shall be secured by the respective mortgagor's equity in real property. The Corporation anticipates continuing to raise funds under this Offering for the foreseeable future and investing all available net proceeds raised in mortgages as opportunities arise for such investment. The Corporation will reinvest in mortgages with the Corporation's income received upon the mortgages becoming due. The costs related to the investment and reinvestment in mortgages is nominal and is not considered to be material. The Corporation's income will primarily consist of interest received on the loans secured by the mortgages, less an interest allocation fee paid to the Investment Manager and such other fees as disclosed herein.

## 2.5 Short Term Objectives and How We Intend to Achieve Them

The Corporation's business objectives for the next 12 months is to complete this Offering, to qualify as a MIC and to invest all of the available funds from this Offering in mortgage investments in accordance with the policies and guidelines set out under Item 2.

The following outlines the costs associated with the achievement of the Corporation's short-term objectives:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our Cost to complete
Raising of funds under the Offering and investing available funds in mortgage investments	Ongoing	The costs of the Offering which are estimated to be up to \$90,000 for the maximum offering.

## 2.6 Insufficient Funds

The Corporation will only invest amounts available to it raised under this Offering and otherwise. The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. There can be no assurance that alternative financing will be available.

## 2.7 Material Agreements

The only material agreements to which the Corporation is a party, or that it has entered into with a related party, are the Financial Services Agreement, the Participation Agreement and the Investment Management Subscription Agreement entered into with the Investment Manager, the Management Services Agreement entered into with the Corporate Manager and the Shareholders Agreement entered into with the Common Shareholders. See Item 2.2 above for details of the material terms of these agreements.

### ITEM 3: INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

#### 3.1 Compensation and Securities Held

The following table sets out specified information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation:

Name and Municipality of Residence	Position Held and the Date of Obtaining that Position	Compensation Paid in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year <sup>(6)</sup>	Number, Type and Percentage of Securities to be Held Upon Completion of the Maximum Offering <sup>(1)(2)</sup>
Adam Rose Toronto, Ontario	President since October 22, 2013 and Secretary/Treasurer and Director since August 19, 2009 and Shareholder since April 7, 2010	Nil	250 Common Shares (25%) Nil Preferred Shares (0%)
David J. Rose Toronto, Ontario	Shareholder since October 15, 2010	Nil	250 Common Shares (25%) Nil Preferred Shares (0%)
The Georgian Family Trust No. 3 <sup>(3)</sup> Toronto, Ontario	Shareholder since October 15, 2010	Nil	250 Common Shares (25%) Nil Preferred Shares (0%)
Henry Martinez Toronto, Ontario	Director since April 7, 2010	\$4,000 <sup>(6)</sup>	Nil Common Shares (0%) Nil Preferred Shares (0%)
Lemargo Inc. <sup>(4)</sup> Toronto, Ontario	Shareholder since April 7, 2010	Nil	250 Common Shares (25%) Nil Preferred Shares (0%)
Laurier Capital Properties Inc. <sup>(5)</sup> Toronto, Ontario	Promoter	Nil	Nil Common Shares (0%) Nil Preferred Shares (0%)
Sloan Levett Toronto, Ontario	Director since July 17, 2015	\$4,000 <sup>(6)</sup>	Nil Common Shares (0%) 50,000 Preferred Shares, Series F (less than 1%) <sup>(7)</sup>
Alan Farber Toronto, Ontario	Director since July 17, 2015	\$4,000 <sup>(6)</sup>	Nil Common Shares (0%) 20,000 Preferred Shares, Series F (less than 1%) <sup>(8)</sup>

#### Notes:

- (1) The information as to securities beneficially owned as at the date hereof has been furnished by the respective directors and officers.
- (2) Directors and/or officers of the Corporation may acquire Preferred Shares pursuant to the Offering.
- (3) The Georgian Family Trust No. 3 is Mr. Stuart Sherman's family trust. Mr. Sherman is a Toronto, Ontario businessman.
- (4) Lemargo Inc. is currently controlled by Henry Martinez who holds 100% of the voting securities of the corporation.
- (5) Adam Rose is the sole shareholder of Laurier Capital Properties Inc. Laurier Capital Properties Inc. served as the corporate manager of the Corporation until July 22, 2013 pursuant to a management services agreement dated August 20, 2009, as amended. Effective July 22, 2013, the Corporation terminated its management services agreement with Laurier Capital Properties Inc. and entered into a Management Services Agreement with Laurier Capital Funding Inc. See Section 2.2 under "The Corporate Manager – Laurier Capital Funding Inc." and "Management Services Agreement."



- (6) Director fees of \$4,000 each were paid to the Corporation's outside directors for attendance at meetings of the board in the current fiscal year. It is anticipated that director fees of similar amounts will be paid to outside directors in the next fiscal year. Outside directors are permitted to direct the Corporation to pay all or part of their compensation for acting as director to a charity of their choice subject to Board approval including that such charity is properly registered under applicable laws.

The Corporate Manager receives a trailer fee based on the average gross assets under administration by the Corporation. The Corporate Manager receives a trailer fee of: (i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and (ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. As at May 31, 2016, the Corporation had \$68,003,227.80 gross assets under administration. The trailer fee is calculated and paid on a monthly basis. Total compensation paid to the Corporate Manager (comprising Laurier Capital Properties Inc. prior to September 15, 2013 and Laurier Capital Funding Inc. on and after September 15, 2013 – see footnote (5) above) for the fiscal year ended June 30, 2014 was \$264,514, for the fiscal year ended June 30, 2015 was \$275,313 and for the period commencing July 1, 2015 to May 31, 2016 was \$263,563.79. The Corporate Manager holds 4,056.724 Preferred Shares, Series F.

Other than as stated herein, no compensation were paid or payable to any related or affiliated parties of the Corporation from the period commencing July 1, 2012 and ending on the date hereof.

- (7) Shares are held by The Berger Family Trust, of which Mr. Levett is a trustee.  
 (8) Shares are indirectly held by Apollo Nominees Inc., a company which is controlled by Mr. Farber.

### 3.2 Management Experience

The following discloses the principal occupations of the executive officers and directors of the Corporation over the past five years as well as relevant business experience:

Name	Principal Occupation and Related Experience
Adam Rose	Mr. Rose studied history and economics at York University and has over 20 years of professional experience as an investment industry executive. He has founded two successful investment firms; most recently as a Founding Partner and Chief Executive Officer of Laurier Capital Holdings Inc., the sole shareholder of Portfolio Strategies Securities Inc. ("PSSI"). PSSI is a member firm of the Investment Industry Regulatory Association of Canada ("IIROC"), the application for membership for which was successfully co-led by Mr. Rose. Prior to founding the two IIROC firms, he was an Investment Advisor with Midland Walwyn/Merrill Lynch and Nesbitt Burns Inc. At Nesbitt Burns, he also was involved in training new investment advisors. In 1989, Mr. Rose founded Daveque Capital Inc., a registered investment firm, where he structured and syndicated over \$200 million in real estate investments, before selling the firm. Prior to 1989, Mr. Rose was with Metro Financial Group Inc. and was active in the structuring and syndication of over \$3 billion of investment properties. Mr. Rose has been a director of a Canadian public company as well as managing director of a family holding company with extensive real estate assets. Mr. Rose is currently the sole director, officer and shareholder of the Corporate Manager.
Henry Martinez	Mr. Martinez is a graduate of Saint Petersburg State University in Russia in International Economic Relations and of The Indian Institute of Foreign Trade in India. His initial career was in the Foreign Trade industry. In 1994, he founded Lemargo Inc., an international wholesaler of biomedical products managing over 1000 suppliers from North America, Europe and Asia and Duales Inc., a wholly owned subsidiary in the P2P and B2B payment processing and remittance industry with a highly visible online presence. He also oversees a private paid up portfolio of residential properties in Canada and the USA. Mr. Martinez is fluent in Russian, Spanish and English. In 2009, he enrolled in the Owner/President Management Program of the Harvard Business School which was completed in 2011.
Sloan Levett, CPA, CA, CFP, TEP	Mr. Levett is a partner in the Advisory practice at Fuller Landau LLP and President of Fuller Landau Family Office Services. In this role, he leads the firm's family office initiatives, including independent and objective investment portfolio advisory, insurance advisory, will and estate planning, and related tax strategies which ensure total alignment with the clients' best interests. Mr. Levett also has extensive experience designing and implementing wealth management and tax strategies, which includes asset allocation and tax deferral/minimization to high net worth individuals. Mr. Levett is widely recognized for his expertise and knowledge of Family Office Services and is regularly quoted in the national media.
Alan Farber, CPA, CA, CIRP	Alan Farber is the Founder and Joint Managing Partner of Farber Financial Group. Since 1979, he has been a driving force in transforming the firm into one of the leading

	independent providers of financial advisory services in Canada, with over 120 staff members in offices across the country. Mr. Farber's practice focuses on corporate insolvency, restructuring and distressed financial advisory services. His commitment to responsive, practical results helps corporations, lenders, executives and their advisors resolve their issues. Over the years, Mr. Farber has earned a tremendous reputation for his creativity, energy and adherence to the highest professional standards. He has applied his considerable expertise to numerous insolvency and restructuring engagements in virtually every sector of the economy. Mr. Farber is also passionate about his personal commitment to a peaceful, vibrant and substantial society. He has been a generous supporter and active volunteer for many causes, including the North York General Hospital, the United Jewish Appeal, the Canadian Friends of Simon Wiesenthal Centre and the Koby Mandell Foundation.
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### 3.3 Penalties, Sanctions and Bankruptcy

No penalties or sanctions have been in effect during the last 10 years, nor has any cease trade order 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 Corporation, or (ii) an issuer of which a person referred to in (i) was a director, executive officer or control person at the time. No declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, have been in effect during the last 10 years against (i) a director, executive officer, or control person of the Corporation, or (ii) an issuer of which a person referred to in (i) was a director, executive officer or control person at the time.

### 3.4 Loans

As of the date of this Offering Memorandum, there are no outstanding loans or debentures between the directors, management, promoters or principal holders and the Corporation.

## ITEM 4: CAPITAL STRUCTURE

### 4.1 Share Capital

The following table sets forth the outstanding securities of the Corporation prior to and after giving effect to the Maximum Offering.

Description of Security	Number Authorized to be Issued	Number Outstanding as at the date of this Offering Memorandum	Number Outstanding After Maximum Offering
Common Shares	Unlimited	1,000	1,000
First Preferred Shares	Unlimited	6,898,672.366 (Total) 1,890,113.558 (Series C) 5,008,558.808 (Series F)	10,000,000

### 4.2 Long Term Debt

The Corporation presently has no long term debt. If deemed necessary by the Investment Manager, the Corporation may, from time to time, secure long term debt from financial institutions or other third parties. Such loans may be secured by granting encumbrances, security interests or other charges on the assets of the Corporation.

### 4.3 Prior Sales

Within the last 12 month period, securities of the Corporation have been issued to subscribers of Preferred Shares as follows:

Month of Issuance	Securities Issued Pursuant to Subscriptions	Price Per Security	Total Funds Received
June 2016 (to date)	Nil	\$Nil	\$Nil
May 2016	19,400 Series C 17,500 Series F	\$10.00 \$10.00	\$194,000 \$175,000
April 2016	11,700 Series C 84,370 Series F	\$10.00 \$10.00	\$117,000 \$843,700
March 2016	11,380 Series C 44,980 series F	\$10.00 \$10.00	\$113,800 \$449,800
February 2016	24,268 Series C 61,735 Series F	\$10.00 \$10.00	\$242,680 \$617,350
January 2016	20,500 Series C 144,300 Series F	\$10.00 \$10.00	\$205,000 \$1,443,000
December 2015	30,150 Series C 13,500 Series F	\$10.00 \$10.00	\$301,500 \$135,000
November 2015	4,000 Series C 26,000 Series F	\$10.00 \$10.00	\$40,000 \$260,000
October 2015	750 Series C 546,600 Series F	\$10.00 \$10.00	\$7,500 \$5,466,000
September 2015	Nil Series C Nil Series F	\$10.00 \$10.00	\$Nil \$Nil
August 2015	5,200 Series C 44,500 Series F	\$10.00 \$10.00	\$52,000 \$445,000
July 2015	Nil Series C 52,300 Series F	\$10.00 \$10.00	\$Nil \$523,000
June 2015	10,000 Series C 272,500 Series F	\$10.00 \$10.00	\$100,000 \$2,725,000

Within the last 12 month period, securities of the Corporation have been issued to existing holders of Preferred Shares through participation in the Corporation's dividend reinvestment plan as follows:

Month of Issuance	Securities Issued Pursuant to Dividend Reinvestment Plan	Value of Securities Issued Pursuant to Dividend Reinvestment Plan
June 2016 (to date)	Nil	\$Nil
May 2016	4,081.440 Series C 5,567.663 Series f	\$40,814.40 \$55,676.63
April 2016	4,326.245 Series C 5,073.880 Series F	\$43,262.45 \$50,738.80
March 2016	4,389.435 Series C 4,829.435 Series F	\$43,894.35 \$48,294.35
February 2016	4,069.539 Series C 4,140.005 Series F	\$40,695.39 \$41,400.05
January 2016	4,701.814 Series C 4,679.076 Series F	\$47,018.14 \$46,790.76
December 2015	4,567.044 Series C 4,568.672 Series F	\$45,670.44 \$45,686.72
November 2015	4,252.581 Series C 4,214.953 Series F	\$42,525.81 \$42,149.53
October 2015	4,738.677 Series C	\$47,386.77

	4,399.313 Series F	\$43,993.13
September 2015	4,442.468 Series C 3,836.701 Series F	\$44,424.68 \$38,367.01
August 2015	4,588.252 Series C 3,868.231 Series F	\$45,882.52 \$38,682.31
July 2015	4,611.465 Series C 3,567.436 Series F	\$46,114.65 \$35,674.36
June 2015	4,398.708 Series C 3,433.161 Series F	\$43,987.08 \$34,331.61

Within the last 12 month period, securities of the Corporation have been retracted by holders of Preferred Shares as follows:

Month of Issuance	Securities Retracted	Redemption Price	Redemption Price as a Percentage of Subscription Price
June 2016 (to date)	Nil	\$Nil	N/A
May 2016	25,841.247 Series C 5,162.458 Series F	\$255,828.35 \$51,108.33	99% of Par
April 2016	22,916.967 Series C 50,000.000 Series F	\$226,877.97 \$495,000.00	99% of Par
March 2016	14,824.787 Series C 4,500.000 Series f	\$146,765.39 \$44,550.00	99% of Par
February 2016	51,253.070 Series C 26,000.000 Series F	\$507,405.39 \$257,400.00	99% of Par
January 2016	28,473.099 Series C 74,836.723 Series F	\$281,833.68 \$740,833.56	99% of Par
December 2015	53,757.866 Series c 1,950.093 Series F	\$532,202.87 \$19,305.92	99% of Par
November 2015	16,544.388 Series C 12,000.000 Series F	\$163,789.44 \$118,800.00	99% of Par
October 2015	Nil Series C Nil Series F	\$Nil \$Nil	N/A
September 2015	24,353.757 Series C Nil Series F	\$241,102.19 \$Nil	99% of Par
August 2015	Nil Series C Nil Series F	\$Nil \$Nil	N/A
July 2015	Nil Series C Nil Series F	\$Nil \$Nil	N/A
June 2015	161,406.820 Series C 270,000.000 Series F	\$1,597,927.52 \$2,698,000.00	99% of Par

## ITEM 5: SECURITIES OFFERED

### 5.1 Terms of Securities

The Corporation is authorized to issue an unlimited number of Preferred Shares, which have attached thereto the following rights, privileges, restrictions and conditions:

### ***Issuable in Series***

Subject to the Business Corporations Act (Ontario), the Preferred Shares may at any time or from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors and subject to compliance with applicable law, the directors of the Corporation may (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the said Preferred Shares of each series including without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions.

The said Preferred Shares of each series shall rank on a parity with the said Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up affairs.

As of the date hereof, the Corporation has authorized the issuance of an unlimited number of Series C Preferred Shares and Series F Preferred Shares. The terms of the Series C Preferred Shares and Series F Preferred Shares are equal in all respects other than with respect to fees and commissions (see Item 7).

### ***Voting***

The holders of Preferred Shares shall not be entitled to receive notice of, attend nor vote at any meeting of the shareholders of the Corporation.

### ***Dividend Rights***

The holders of Preferred Shares shall be entitled to receive if, as and when declared by the directors of the Corporation, a non-cumulative dividend in an amount to be determined by the directors. No dividends shall be declared on any other class of shares if such payment would result in the Corporation having insufficient assets to redeem the Preferred Shares at their Redemption Price. Following the payment, in any taxation year of the Corporation, of the dividend as described above, and payment of a dividend in a like amount per share to holders of the Common Shares, the Preferred Shares shall be entitled to participate *pari passu* with the holders of Common Shares in any further payment of dividends by the Corporation in that taxation year.

### ***Liquidation***

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Preferred Shares shall be entitled to receive, subject to the prior rights of holders of any shares ranking senior to them, an amount equal to the Redemption Price (for the purpose of the conditions attached to the Preferred Shares set out herein, the term “**Redemption Price**” in respect of any Preferred Share shall mean the lesser of (i) \$10.00 and (ii) the net asset value of the Preferred Shares per share) plus all declared and unpaid dividends before any amount shall be paid or any property or assets of the Corporation are distributed to the holders of Common Shares<sup>1</sup>. After payment to the holders of Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation. If there are insufficient amounts to pay to the holders of Preferred Shares the full amount which they are entitled to receive on the distribution of the assets of the Corporation, all such holders shall share in the distribution on a pro rata basis in proportion to the aggregate amount due to each of them.

Note:

(1) On December 3, 2013, the directors ratified, confirmed and approved the fixing of the redemption amount for which Preferred Shares may be redeemed and retracted and for which holders shall be entitled on liquidation (see Section 5.1 – Terms of Securities) for all Preferred Shares previously issued and outstanding and all Preferred Shares issued and outstanding thereafter at the lesser of (i) \$10.00; and (ii) the net asset value of the First Preferred Share per share. See also Section 2.2, ‘Retraction Policies’ for further details.

### ***Redemption by the Corporation***

Subject to the BCA, the Corporation may redeem all or any part of the then outstanding Preferred Shares outstanding upon receiving consent in writing from all the holders of Preferred Shares or upon giving notice to the holders thereof, as may be required, and upon payment for each Preferred Share at the Redemption Price. If consent is not obtained by all

holders of Preferred Shares, the Corporation may provide 30 days written notice of the redemption to each holder of Preferred Shares setting out the Redemption Price, the date the redemption is to be effective and the number of Preferred Shares to be redeemed.

From and after the time of redemption as specified in the notice, the Preferred Shares to be redeemed shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates of Preferred Shares in accordance with the notice.

If less than all of the outstanding Preferred Shares are to be redeemed pursuant to the articles, the Preferred Shares to be redeemed shall be selected by and at the discretion of the board of directors of the Corporation. Without limiting the generality of the foregoing or restricting such discretion in any manner, the board of directors may select for redemption all or any part of the Preferred Shares held by a holder or holders to the exclusion of the Preferred Shares held by any other holder or holders of Preferred Shares or may redeem Preferred Shares held by some or all of the holders thereof in disproportionate amounts.

#### ***Retraction at the Option of the Holder***

Any holder of Preferred Shares shall be entitled, at such holders option, and at any time and from time to time, to have all or any part of the Preferred Shares originally held by such holder, purchased by the Corporation (the “**Retraction Right**”) for an amount equal to the Redemption Price (as such term is defined under the section ‘Liquidation’ above). The Retraction Right cannot be exercised however if the result of the exercise of the Retraction Right would be to disqualify the Corporation as a MIC or otherwise violate the provisions of the BCA. Furthermore, the Retraction Right is subject to the rights of the board of directors of the Corporation to, at any time and in their sole discretion, including after the Corporation has received a retraction notice by a holder of Preferred Shares, suspend the Retraction Rights attaching to the Preferred Shares if, in their reasonable opinion, the payments to be made by the Corporation on the exercise by the holders of Preferred Shares of their Retraction Rights would be materially prejudicial to the interests of the Corporation as a whole.

The Retraction Right may be exercised by a notice in writing given to the Corporation accompanied by the certificate(s) for the Preferred Shares in respect of which the holder thereof desires to exercise the Retraction Right. Within six (6) months of receiving the notice, and the required share certificate(s), and subject to applicable laws, the Corporation shall pay or cause to be paid the Redemption Price to the holder of such Preferred Shares. From and after the giving of the retraction notice by a holder of Preferred Shares, the holder shall not be entitled to exercise any rights of a holder in respect of the Preferred Shares specified in the notice except to receive the Redemption Price therefore, unless payment of the Redemption Price shall not be made by the Corporation in accordance with the Corporation's ability to suspend Retraction Rights as set forth below, in which case the rights of such holder shall remain in full effect.

If, following the delivery by a holder of a retraction notice, the Corporation is unable to purchase any Preferred Shares as a result of the suspension of the Retraction Right, the provisions of the BCA or the Corporation ceasing to qualify as a MIC if such retraction notice is acted upon, such holder of Preferred Shares implementing his Retraction Rights may withdraw the retraction notice, in which case his rights as a holder of Preferred Shares shall remain unaffected, or, if not withdrawn, the Corporation shall purchase such Preferred Shares subject to the retraction notice as soon as the suspension notice (if any) is withdrawn and/or it is legally able to do so without impairing the Corporation's status, if relevant, as a MIC. Until such time as all the Preferred Shares subject to the retraction notice have been purchased, the holder thereof may withdraw the retraction notice in respect of those Preferred Shares which have not yet been purchased.

Notwithstanding the foregoing, the Retraction Right cannot be exercised by holders of either Series C Preferred Shares or Series F Preferred Shares until the Series C Preferred Shares or Series F Preferred, as the case may be, to be purchased by the Corporation have been held by the holder desiring to exercise such Retraction Right, for a period of four full months from the date of issuance of such shares (“**Issuance Date**”).

See also Section 2.2, ‘Retraction Policies’ for further details.

### ***Restrictions on Ownership***

The Corporation qualifies as a ‘mortgage investment corporation’ (“MIC”). One of the requirements for continued qualification as a MIC under the Tax Act is that no shareholder of the Corporation is permitted, together with Related Persons (as defined below), at any time to hold more than 25% of any class of the issued shares of the Corporation. The Corporation monitors major holdings of its classes of shares to ensure that no one shareholder exceeds this 25% maximum ownership limit set by the Tax Act. The Corporation may issue shares in the form of global certificates held by CDS. Accordingly, it may be difficult for the Corporation to monitor this 25% ownership rule set by the Tax Act.

In order for the Corporation to stay within this 25% limit, the Corporation has been provided with a repurchase right in favour of the Corporation so that in the event that: (i) the exercise by any shareholder of any retraction rights associated with the Preferred Shares or any other class of retractable shares issued and outstanding; or (ii) as determined by the board of directors of the Corporation in its sole discretion, any other transaction affecting any class of shares in the capital of the Corporation (each a “Triggering Transaction”), if completed, would cause any shareholder(s) of the Corporation (each an “Automatic Repurchase Shareholder”), together with Related Persons, to hold more than 25% of any class of the issued shares in the capital of the Corporation, that portion of the shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.99% of the issued shares of any class of shares (the “Repurchased Shares”) will, simultaneously with the completion of a Triggering Transaction, automatically be repurchased and cancelled by the Corporation (an “Automatic Repurchase”) without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the lesser of the original subscription price therefor per share and the net asset value of the shares per share. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder in accordance with the customary practice of the Corporation in connection with retractions, *mutatis mutandis*.

For purposes of the foregoing repurchase right, “Related Persons” means a related person as defined in the Tax Act and, for the purposes of the requirement that no shareholder, together with Related Persons, holds more than 25% of any class of issued shares of the Corporation, includes a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual’s spouse, common-law partner or child under 18 years of age.

### ***Dividend Policy***

As a MIC, the Corporation is permitted to deduct dividends that it pays from Net Income. As a result, the Corporation pays out as cash dividends substantially all of its Net Income and net realized capital gains every year. The Corporation intends to declare monthly dividends to holders of Preferred Shares of record on the last business day of each month and to pay such dividends on or before the 22<sup>nd</sup> day of the following month. Notwithstanding the foregoing, the Corporation has the right to determine a record date that is other than the last business day of each month.

The Corporation will from time to time determine target yields with respect to the Series C Preferred Shares and the Series F Preferred Shares. As at the date of this Offering Memorandum, the Corporation is targeting declaring dividends of approximately \$0.05 per Series C Preferred Share per month (\$0.60 per annum representing an annual dividend of 6.0% based on the \$10.00 issue price) and \$0.054167 per Series F Preferred Share per month (\$0.65 per annum representing an annual dividend of 6.5% based on the \$10.00 issue price). Notwithstanding the foregoing, the amount of dividends declared may fluctuate from month to month and there can be no assurance that the Corporation will declare any dividends in any particular month or months. If the Corporation’s Net Income is less than the amount necessary to fund and achieve the target yields, the Corporation may not pay the full target yields. Alternatively, a special year-end dividend may be declared and paid if the Corporation’s Net Income exceeded monthly dividends.

The payment of dividends is subject to the discretion of the directors of the Corporation to establish working capital and other reserves for the Corporation.

Prospective investors should not confuse the Corporation’s target yields with the Corporation’s rate of return or yield. There is no guarantee that the Corporation will be able to pay dividends at the levels targeted.

### ***Dividend Reinvestment Plan***

The Corporation, subject to maintaining the status of the Corporation as a “mortgage investment corporation” under the Tax Act, maintains a dividend reinvestment and preferred share purchase plan (the “DRIP”). Under the DRIP, holders of Preferred Shares can reinvest dividends in additional Preferred Shares of the Corporation. The Corporate Manager administers all aspects of the DRIP.

All holders of Preferred Shares are eligible to participate in the DRIP by completing an enrolment form in the form attached hereto as Schedule B and returning it to the Corporation (the “Registered Participants”). If a Preferred Shareholder wishes to participate in the DRIP, it, he or she may enrol any of their Preferred Shares in the DRIP.

Dividends are calculated, paid and reinvested in Preferred Shares on a monthly basis (the “Investment Date”). The Corporation calculates and pays dividends on the Preferred Shares on a monthly basis within 22 days after the end of each calendar month. The payment of a dividend, and the declaration, record and payment dates applicable to it are determined by the directors of the Corporation in its sole discretion.

Preferred Shares acquired through the DRIP are purchased at \$10.00 per Preferred Share and are issued from the treasury of the Corporation in the same series of Preferred Shares as are enrolled under the DRIP. The Corporation uses the cash dividends attributable to a Preferred Shareholder to purchase additional Preferred Shares on behalf of the Preferred Shareholder. All the Preferred Shares acquired through the DRIP are credited to the Preferred Shareholder’s account and physical certificates are not issued to the Preferred Shareholder for shares acquired under the DRIP. Residual cash dividends which are not used to purchase additional Preferred Shares will be credited to the account of the Preferred Shareholder. No brokerage or administration fees will be charged by the Corporation or the Corporate Manager for participation in the DRIP. A Preferred Shareholder may elect to purchase additional Preferred Shares at the same subscription price and at the same time as they acquire Preferred Shares under the DRIP. There is no minimum aggregate subscription amount under the DRIP. Shares issued under the DRIP may not be transferred or pledged.

Participation in the DRIP may be terminated by a Preferred Shareholder at any time by giving written notice to the Corporation. If written notice terminating participation in the DRIP is not received by the Corporation at least five business days before an Investment Date, the requested action will not be taken until after such Investment Date.

Neither the Corporation nor the Corporate Manager is liable for any act undertaken or omitted in good faith. Neither the Corporation nor the Corporate Manager can assure a profit or protect any Preferred Shareholder against a loss relating to Preferred Shares acquired or to be acquired under the DRIP.

The Corporation reserves the right to amend, suspend or terminate the DRIP at any time. In the event of any such occurrence, the Corporation will give reasonable notice in writing to all Preferred Shareholders. The Corporation and the Corporate Manager may make rules and regulations not inconsistent with the terms of the DRIP in order to improve the administration of the DRIP.

The reinvestment of dividends does not relieve a Preferred Shareholder of liability for tax on those dividends. Holders of Preferred Shares who intend to participate in the DRIP should consult their tax advisers about the tax consequences which will result from their participation in the DRIP.

### ***CDS Book-Entry Only System***

Some or all of the Preferred Shares offered hereby may be issued in ‘book-entry only’ form and must be purchased or transferred through a participant in the depository service of CDS Clearing and Depository Services Inc. (“CDS”). On the closing of Preferred Shares offered hereby, the Corporation may deliver to CDS one or more global certificates or other evidence of all or some of the Preferred Shares subscribed for and issued hereunder. No certificates that participate in CDS’ book-entry only system will be issued to subscribers, except in limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Preferred Shares that participate in CDS’ book-entry only system will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Preferred Shares is purchased.



The Corporation will deliver to CDS one or more global certificates evidencing those Preferred Shares eligible under CDS' book-entry only system. Such eligible Preferred Shares must be purchased, transferred and surrendered for retraction through a registered dealer who is a CDS participant. All rights of an owner of eligible Preferred Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by CDS. Upon the acquisition of any Preferred Shares subject to CDS' book-entry only system, the owner will receive only the customary confirmation.

The ability of an owner of Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS participant) may be limited due to the lack of a physical certificate. An owner of Preferred Shares who desires to exercise retraction privileges must do so by causing a CDS participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to retract such Preferred Shares. Accordingly, an owner who desires to retract Preferred Shares should ensure that the CDS participant is provided with a retraction notice sufficiently in advance of the relevant notice date so as to permit the CDS participant to deliver notice to CDS by the required time. The form of retraction notice will be available from a CDS participant. Any expense associated with the preparation and delivery of retraction notices will be for the account of the owner of Preferred Shares exercising the retraction privilege.

By causing a CDS participant to deliver to CDS a retraction notice, an owner shall be deemed to have irrevocably surrendered its, his or her Preferred Shares for retraction and appointed such CDS participant to act as exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise. Any retraction notice which CDS determined to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Corporation, the Corporate Manager or the Investment Manager to the CDS participant or to the owner.

The Corporation has the option to terminate registration for any one or more of the Preferred Shares through the book-entry only system in which case certificates for such securities in fully registered form would be issued to beneficial owners of such shares or to their nominees.

## **5.2 Subscription Qualification**

The Preferred Shares are being offered in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to prospectus exemptions and registration exemptions under Applicable Securities Laws. Such exemptions relieve the Corporation from provisions under Applicable Securities Laws requiring the Corporation to file a prospectus and therefore Subscribers do not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by a securities commission or similar authority.

While NI 45-106 provides for several different possible prospectus exemptions, the most commonly used exemptions utilized for an investment in the Preferred Shares are the "accredited investor", "minimum amount investment" and "offering memorandum" exemptions, the terms and conditions of which are summarized below.

### ***Accredited Investor***

In all offering jurisdictions, an investor may purchase Preferred Shares if the investor is an "accredited investor" and purchases the Preferred Shares as principal. An "accredited investor" is defined in NI 45-106 and is essentially an investor that meets certain minimum income or wealth criteria and can include individuals, corporations, trusts, investment funds and other types of legal entities. For example, for an individual person to qualify as an "accredited investor" they must generally meet one of the following criteria: (i) annual net income of at least \$200,000 for the last two years (or \$300,000 if combined with their spouse); (ii) net assets of at least \$5,000,000, either alone or combined with their spouse; or (iii) net financial assets (i.e. cash securities, insurance, deposits) of more than \$1,000,000, either alone or combined with their spouse. The Subscription Agreement includes a more detailed description of "accredited investor" and requires the investor relying on this exemption to certify that they meet at least one of the "accredited investor" criteria. Certain

individuals who are relying on the accredited investor exemption will also be required to complete and sign a Form 45-106F9 Risk Acknowledgement Form For Individual Accredited Investors.

### ***Minimum Amount Investment Exemption***

In all offering jurisdictions, an investor who is not an individual may purchase Preferred Shares as principal, having a minimum cash acquisition cost of \$150,000. For purposes of determining eligibility for subscribing for Preferred Shares pursuant to the “minimum amount investment” exemption, an “individual” means a natural person and does not include any of the following: partnerships, unincorporated associations, unincorporated syndicates, unincorporated organizations, trusts and natural persons acting in the capacity of trustee, executor, administrator or personal or other legal representative.

### ***Offering Memorandum Exemption***

In British Columbia, an investor may purchase Preferred Shares if, before or at the time the investor completes and signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum and completes and signs the Risk Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Corporation.

In Manitoba, an investor, provided he, she or it is either an “eligible investor” (see paragraph below) or the cash acquisition cost to that investor does not exceed \$10,000, may purchase Preferred Shares if, before or at the time the investor completes and signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum and completes and signs the Risk Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Corporation.

In Alberta, Ontario and Saskatchewan, an investor may purchase Preferred Shares if, before or at the time the investor signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum, the investor completes and signs the Risk Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement and delivers it to the Corporation and: (i) in the case of an investor that is an individual but is not an “eligible investor”, he or she has not exceeded the investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months after taking into account his or her investment in Preferred Shares pursuant to the Subscription Agreement; or (ii) in the case of an investor that is an individual and fits within one of the categories of “eligible investor” (see paragraph below), he or she has not exceeded the investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months after taking into account his or her investment in Preferred Shares pursuant to the Subscription Agreement; or (iii) in the case of an investor that is an individual and fits within one of the categories of “eligible investor” and that received advice from a portfolio manager, investment dealer or exempt market dealer that his or her investment in Preferred Shares pursuant to the Subscription Agreement is suitable, he or she has not exceeded the investment limit of \$100,000 in all offering memorandum exemption investments in Preferred Shares pursuant to the Subscription Agreement. The investment limits above do not apply to investors that are not individuals, whether eligible or non-eligible, accredited investors or a person described in subsection 2.5(1) of NI 45-106.

An “eligible investor” is defined in NI 45-106 and is essentially an investor that meets certain minimum income or wealth criteria and can include individuals, corporations, trusts, investment funds and other types of legal entities. For example, for an individual person to qualify as an “eligible investor” they must generally meet one of the following criteria: (i) annual net income of at least \$75,000 for the last two years (or \$125,000 if combined with their spouse); or (ii) net assets of at least \$400,000, either alone or combined with their spouse. The Subscription Agreement includes a more detailed description of “eligible investor” and requires the investor relying on this categorization to certify that they meet at least one of the “eligible investor” criteria.

### ***Other Jurisdictions***

The sale of Preferred Shares pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to the Corporation the full particulars of the exemption from the registration and prospectus requirements under applicable securities legislation being relied on and evidence of the Subscriber’s qualifications thereunder.

**Each Subscriber is urged to consult with his own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.**

### **5.3 Subscription Procedure**

Subscribers who wish to purchase Preferred Shares will be required to enter into a Subscription Agreement with the Corporation by completing and delivering the Subscription Agreement and related documentation to the Corporation. The Subscription Agreement contains, among other things, representations and warranties required to be made by the Subscriber that it is duly authorized to purchase the Preferred Shares, that it is purchasing Preferred Shares for investment and not with a view for resale, and as to its corporate status or other qualifications to purchase Preferred Shares on a “private placement” basis. Reference is made to the Subscription Agreement and related documentation, copies of which are attached hereto as Schedule “A”, for the specific terms of these representations, warranties and conditions.

You may subscribe for Preferred Shares by delivering the following documents to us at the address shown in the Subscription Agreement:

- (i) completed and executed Subscription Agreement in the form provided with this Offering Memorandum;
- (ii) certified cheque, bank draft or money order payable to “Morrison Laurier Mortgage Corporation” in the amount of the subscription price for the Preferred Shares; and
- (iii) in the case of an investor that is relying on the offering memorandum exemption to purchase Preferred Shares:
  - (A) a completed and executed Form 45-106F4 – Risk Acknowledgement;
  - (B) if required, a completed and executed Appendix I to Form 45-106F4;
  - (C) if required, a completed and executed Appendix II to Form 45-106F4; and
  - (D) if required, a completed and executed Certificate of Eligible Investor; or
- (iv) in the case of an investor that is relying on the accredited investor exemption to purchase Preferred Shares, a completed and executed Certificate of Accredited Investor and, if required, a completed and executed Form 45-106F9 – Risk Acknowledgment for Individual Accredited Investors appended to the Certificate of Accredited Investor.

Preferred Shares are being offered on a continuous basis. A Closing under this Offering shall occur on such dates and times as may be determined by the Corporation. **All subscription proceeds will be held in trust until midnight on the second Business Day after the day the Subscriber signs the applicable Subscription Agreement. In the event that Subscribers provide the Corporation with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Corporation does not accept a Subscriber's subscription, all subscription proceeds will be promptly returned to the Subscriber without interest or deduction.**

Proceeds received from Subscribers who purchase Preferred Shares under this Offering will be held in trust and only released against delivery of the certificates representing the Preferred Shares subscribed therefor. In the event that this Offering is terminated prior to Closing, the proceeds under the Offering received from each Subscriber shall be returned to such Subscriber without interest or deduction.

Subscriptions for Preferred Shares will be received subject to rejection or allotment in whole or in part by the Corporation, and the Corporation reserves the right to close the subscription books at any time without notice. A subscription for Preferred Shares hereunder is subject to acceptance of a Subscription Agreement by the Corporation and compliance with Applicable Securities Laws. The Subscription Agreement referred to herein contains representations and warranties of the Subscriber, which the Corporation will be relying upon in order to determine the eligibility of the Subscriber.

You should carefully review the terms of the Subscription Agreement attached hereto for more detailed information concerning the rights and obligations applicable to you and the Corporation. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. **You should consult with your own professional advisors.**

## ITEM 6: INCOME TAX CONSEQUENCES

The following is a summary, provided by the Corporation, of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares (the “**Shares**”) by a Subscriber who, at all relevant times, is a resident of Canada, deals at arm’s length, and is not affiliated, with the Corporation, and who acquires and holds the Shares as capital property, all within the meaning of the Tax Act (a “**holder**”). Generally, the Shares will be considered capital property to a holder provided such holder does not hold the Shares in the course of carrying on business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Holders who may not hold the Shares as capital property can elect, in certain circumstances, to have such property treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to any holder of Shares which is a “financial institution”, as defined in section 142.2 of the Tax Act or to any holder of Shares an interest in which is a “tax shelter investment” for the purposes of the Tax Act.

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

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

This summary is based on the assumption that the Corporation meets certain conditions which are imposed by the Tax Act to qualify as a “mortgage investment corporation” (“**MIC**”). These conditions will generally be satisfied if, throughout a taxation year of the Corporation; or, in the Corporation’s first taxation year, at the end of such first taxation year:

- (a) the Corporation is a Canadian corporation as defined in the Tax Act;
- (b) the Corporation's only undertaking was the investing of funds, and it did not manage or develop any real property;
- (c) no debts were owing to the Corporation by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Corporation did not own shares of corporations not resident in Canada;
- (e) the Corporation did not hold real property situated outside of Canada;
- (f) no debts were owing to the Corporation that were secured on real property situated outside of Canada;
- (g) the cost amount of the Corporation's property consisting of mortgages on “houses” or on property included within a “housing project” (as those terms are defined in section 2 of the *National Housing Act* (Canada)), deposits with a bank or other corporations whose deposits are insured by the Canada Deposit Insurance Corporation or a credit union, together with cash on hand (collectively, the “**Qualifying Property**”), was at least 50% of the cost amount to it of all of its property;
- (h) 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 Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (i) the Corporation had 20 or more shareholders and no person would have held more than 25% of the issued shares of the capital stock of the Corporation or been a specified shareholder (as such term is defined in subsection 130.1(6) of the Tax Act) of the Corporation;

- (j) holders of any preferred shares had a right, after payment of their dividends, and payment of dividends in a like amount per share to the holders of common shares, to participate *pari passu* with the holders of common shares in any further payment of dividends; and
- (k) where at any time in the year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property was less than 2/3 of the cost amount to it of all of its property, the Corporation's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, or, where throughout the taxation year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property equaled or exceeded 2/3 of the cost amount of all of its property, the Corporation's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It has been assumed for the purpose of this summary that the Corporation will qualify as a MIC in accordance with conditions prescribed in the Tax Act at all times which are relevant to the opinions expressed herein. Based upon certain representations by management of the Corporation as to the nature, location and cost amounts of the Corporation's assets and liabilities, including the composition and cost of its mortgage portfolio, as to the shareholders of the Corporation and as to the range of activities which the Corporation will undertake in the course of carrying on its mortgage investment business (the “**Representations**”), counsel anticipates that the Corporation will meet the requirements for qualification as a “mortgage investment corporation” under the Tax Act at the closing of this Offering and will continue to so qualify thereafter provided the Representations continue to be true throughout each of the Corporation's subsequent taxation years. Purchasers are cautioned that the Corporation must meet the requirements under the Tax Act to be a “mortgage investment corporation” on a continuous basis throughout each taxation year in order to avail itself of the provisions of the Tax Act as to the taxation of dividends outlined herein. Management of the Corporation expects that the Representations will continue to be true throughout each of the Corporation's subsequent taxation years such that the Corporation will continue to so qualify.

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

#### *Taxation of the Corporation*

The Corporation will, in computing its 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 Corporation in computing its income for the preceding year. In addition, the Corporation may generally declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct, in computing its income for the year, one-half (1/2) of its capital gains dividend paid during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Corporation intends to pay taxable dividends and capital gains dividends each year in sufficient amounts to reduce its Part I income tax liability to Nil.

#### *Taxation of holders*

Taxable dividends (other than capital gains dividends) which are paid by the Corporation on the Shares will be included in the holder's income as interest income. **The normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation to an individual and holders that are corporations will not be entitled to deduct the amount of dividends paid by the Corporation from their taxable income.** Capital gains dividends will be treated as a capital gain realized by the holder and will be subject to the general rules relating to the taxation of capital gains described in more detail below.

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

A disposition or a deemed disposition of the Shares (other than to the Corporation) will result in a holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the Shares exceed (or are exceeded by) the adjusted cost base of the Shares and reasonable disposition costs, according to the usual rules contained in the Tax Act.

Amounts paid by the Corporation on the redemption or acquisition by it of the Shares, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Corporation on the redemption or acquisition of the Shares which is in excess of the paid-up capital of the Shares will be deemed to be a dividend and will generally be included in the income of a holder of the Shares as interest (and deductible by the Corporation) in accordance with the rules described above.

One-half (1/2) of any capital gain realized by a holder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the holder's income under the Tax Act as a taxable capital gain. Subject to certain specific rules contained in the Tax Act, one-half (1/2) of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the holder in the year of disposition. The excess of capital losses over capital gains in the year of disposition may generally be deducted against capital gains in the three preceding taxation years or in any subsequent taxation year, subject to the more specific rules contained in the Tax Act.

Taxable capital gains realized by a holder that is an individual, including certain trusts, may give rise to alternative minimum tax depending upon the holder's circumstances.

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3 % on certain investment income, including amounts in respect of interest and taxable capital gains. The 6 2/3% tax is to be added to such corporation's refundable dividend tax on hand account and will be eligible for refund at a rate of \$1.00 for every \$3.00 of taxable dividends paid by the corporation.

Any payment in excess of the earnings of the Corporation would reduce the adjusted cost base of the Shares.

#### *Eligibility for Investment by Deferred Income Plans*

The Corporation confirms that the Shares may be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, deferred profit sharing plans, registered retirement income funds or tax-free savings accounts (collectively, "**Deferred Income Plans**") at a particular time if the Corporation qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Corporation 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 or a subscriber, under the relevant Deferred Income Plan or any other person who does not deal at arm's length with that person. Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Corporation or on any capital gain realized on the disposition of the Shares or with respect to capital gains dividends.

If the Corporation fails to qualify as a MIC at any time in a taxation year, the Shares may cease to be a qualified investment for a Deferred Income Plan. When a Deferred Income Plan holds a non-qualified investment at the end of a month, the trust governed by the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired. If the Deferred Income Plan in question is a tax-free savings account, a tax of 50% of the fair market value of the Shares of the Corporation will apply against the holder if the Corporation fails to qualify as a MIC, or at any time if the Shares become a prohibited or non-qualified investment for a Deferred Income Plan that is a tax-free savings account. Additionally, while a Deferred Income Plan that is a tax-free savings account holds a prohibited investment, the holder will also be subject to an additional tax that is based on income earned from the prohibited investment.

#### **ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS**

**Corporate Manager:** In consideration for its services, the Corporate Manager receives a trailer fee based on the average gross assets under administration by the Corporation. The Corporate Manager receives a trailer fee of: (i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and (ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. As at May 31, 2016, the Corporation had \$68,003,227.80 gross assets under administration. The trailer fee is calculated and paid on a monthly basis.

**Sales effected through registrants other than the Corporate Manager:** No fees or commissions shall be payable to eligible persons seeking Subscribers for any of the Preferred Shares other than eligible persons seeking Subscribers for Series C Preferred Shares would be entitled to an annual trailing fee of 0.50% of every Series C Preferred Share that continues to be held by Subscribers introduced by such eligible persons and 0.50% of all additional Series C Preferred

Shares acquired by such Subscribers under the Corporation's DRIP. The trailing fee shall be payable monthly. No trailing fee shall be payable in connection with Series F Preferred Shares. In addition, eligible persons seeking Subscribers for any of the Preferred Shares may charge their clients additional fees or commissions to purchase or sell such Preferred Shares.

## **ITEM 8: RISK FACTORS**

**There are certain risks inherent in an investment in the Preferred Shares and in the activities of the Corporation, which investors should carefully consider before investing in the Preferred Shares. The following is a summary only of the risk factors. Prospective investors should review the risks relating to an investment in the Preferred Shares with their legal and financial advisors.**

**The Corporation advises that prospective Subscribers should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Preferred Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.**

In addition to the factors set forth elsewhere in this Offering Memorandum, prospective Subscribers should consider the following risks before purchasing Preferred Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Corporation's business, and/or the return to the Subscribers.

### ***Investment Risk***

Risks that are specific to the Preferred Shares being offered under this Offering include the following:

- (a) ***Speculative Investment*** – This is a speculative Offering. The purchase of Preferred Shares involves a number of risk factors and is suitable only for Subscribers who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on a Subscriber's investment.
- (b) ***No Market for Preferred Shares*** – There is no market through which the Preferred Shares may be sold and the Corporation does not expect that any market will develop pursuant to this Offering or in the future. Other than in accordance with the redemption rights attached to the Preferred Shares, a Shareholder may never be able to sell his Preferred Shares and recover any part of his investment. Accordingly, Subscribers who do not require liquidity should only consider an investment in Preferred Shares.
- (c) ***Resale Restriction*** – The Preferred Shares are subject to resale restrictions under Applicable Securities Laws. Such resale restrictions may never expire and Subscribers should consult with their professional advisors in respect of such resale restrictions. See Item 10.
- (d) ***Retraction Liquidity*** – The Preferred Shares are retractable, meaning that Subscribers have the right to require the Corporation to redeem them, upon appropriate advance notice from the Subscriber to the Corporation. The Corporation provides no assurance that any Subscriber will be able to retract any or all of their Preferred Shares at any time. Retraction and redemption of the Preferred Shares is subject to the Corporation having access to sufficient excess cash, or other liquid assets, and being in compliance with applicable corporate and securities legislation, and is subject to the terms in this Offering Memorandum, all as determined solely by the Corporation. Retraction and redemption of the Preferred Shares is also subject to the discretion of the directors to act in the best interests of the MIC under the Tax Act. Accordingly this investment is unsuitable for those prospective Subscribers who may require liquidity.
- (e) ***Absence of Voting Rights*** – The Preferred Shares being sold under this Offering do not carry voting rights, and consequently an Subscriber's investment in Preferred Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors. In assessing the risks and rewards of an investment in 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 Corporation, the Corporate Manager and the Investment Manager to make appropriate decisions with respect

to the management of the Corporation, and that they will be bound by the decisions of the Corporation's, the Corporate Manager's and the Investment Manager's directors, officers and employees.

- (f) **No Insurance** – The Corporation 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.

### ***Issuer Risk***

Risks that are specific to the Corporation include the following:

- (a) **Mortgage Investment Corporation Tax Designation** – The Corporation's directors shall use their commercially reasonable best efforts to ensure that the Corporation continues to be qualified as a MIC pursuant to the Tax Act. There can be no assurance, however, that the Corporation will be able to meet the Tax Act's MIC qualifications at all material times. As a company qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Preferred Shares. Rather, the dividends will be taxable in the hands of shareholders as if they had received an interest payment. If for any reason the Corporation fails to maintain its MIC qualification in a particular year, the dividends paid by the Corporation on the Preferred Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Preferred Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Preferred Shares might cease to be qualified investments for trusts governed by RRSPs, deferred profit sharing plans and registered retirement income funds, with the effect that a penalty tax would be payable by the Subscriber.
- (b) **Dilution** – The number of Preferred Shares the Corporation is authorized to issue is unlimited and the directors of the Corporation have the discretion to issue additional Preferred Shares. The proceeds of the Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Preferred Shares in order to raise funds required which will result in a dilution of the interests of the Preferred Shareholders in the Corporation.
- (c) **No Assurance of Achieving Investment Objectives** – There is no assurance that the Corporation will be able to achieve its investment objectives or be able to pay dividends at the targeted levels or preserve capital. The funds available for distribution to holders of Preferred Shares will vary according to, among other things, the interest and principal payments received in respect of the loans comprising the Corporation's mortgage portfolio. There is no assurance that the Corporation's mortgage portfolio will earn any return. The Corporation may periodically re-evaluate the targeted level of dividends and adjust it higher or lower. An investment in the Corporation is appropriate only for investors who have a capacity to absorb a loss on their investment and who can withstand the effect of dividends not being paid in any period or at all.
- (d) **Key Personnel** – The operations of the Corporation, the Corporate Manager and the Investment Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Corporation to implement its business plan. The Corporation, the Corporate Manager and the Investment Manager's management teams consist of several key people. In order to manage the Corporation, the Corporate Manager and the Investment Manager successfully in the future, it may be necessary to further strengthen their management teams. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Corporation's business, financial condition, and results of operations.
- (e) **Competition** – The Corporation competes with numerous sources of mortgage lenders, including banks, insurance companies, mortgage funds, mortgage investment corporations, and private lenders, some of which may have greater capital resources, would not have otherwise made. Any unbudgeted capital improvement it is required to undertake may reduce cash available for debt servicing, operations and distributions.
- (f) **Litigation** – The Corporation may become subject to disputes with various parties with whom it maintains relationships or with whom it does business. Any such dispute could result in litigation or other legal proceedings. Whether or not any dispute actually proceeds to litigation, the Corporation may be required to



devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on its business. Any such resolution could involve the payment of damages, costs or expenses, which may be significant. In addition, any such resolution could involve the Corporation's agreement to certain settlement terms or conditions that may restrict the operation of its business.

- (g) ***Reliance on Laurier Capital Funding Inc. as Corporate Manager*** – In accordance with the terms of the Management Services Agreement between the Corporation and the Corporate Manager, the Corporate Manager has significant responsibility for assisting the Subscriber to conduct its affairs. Any inability of the Corporation Manager to perform competently or on a timely basis may negatively affect the Corporation.
- (h) ***Reliance on Morrison Financial Mortgage Corporation as Investment Manager*** – In accordance with the terms of the Financial Services Agreement between the Corporation and the Investment Manager, the Investment Manager has significant responsibility for assisting the Corporation to conduct its affairs. Any inability of the Investment Manager to perform competently or on a timely basis may negatively affect the Corporation.
- (i) ***Conflicts of Interest*** – Conflicts of interest may exist, and others may arise, between and among Subscribers and the directors and officers of the Corporate Manager, the Investment Manager and the Corporation and their associates and affiliates. There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favorable to Subscribers. Persons considering a purchase of Preferred Shares pursuant to this Offering must rely on the judgment and good faith of the directors, officers and employees of the Corporate Manager, the Investment Manager and the Corporation in resolving such conflicts of interest as may arise. The Corporation and its shareholders are dependent in large part upon the experience and good faith of the Corporate Manager and the Investment Manager. The Corporate Manager and the Investment Manager are entitled to and do act in a similar capacity for other companies whose investment criteria may be similar to those of the Corporation. As such, there is a risk the Investment Manager will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested. Also, the directors of the Investment Manager are employed by or act in other capacities for other companies involved in mortgage and lending activities.

See also “Section 2.2 – Conflict of Interest.”

- (j) ***Future Operations and Possible Need for Additional Funds*** – The Corporation requires significant funds to carry out its business plan. In the event the Corporation is unable to raise sufficient funds by this Offering and/or future and/or other debt or equity financing, the Corporation may have insufficient funds available to it to implement its business plan, and Subscribers may receive no return on their Preferred Shares. Certain uninsurable or uninsured events may also occur which can substantially reduce the ability of the Corporation to carry on business in a profitable manner, including natural or man-made disasters. The Corporation anticipates that a substantial portion of the net proceeds of this Offering will be expended by the Corporation in investing in residential mortgages, and also anticipates that the net proceeds of the Offering and anticipated cash flow from operating revenues will be sufficient to carry out the Corporation's business plan. There can be no assurances, however, that the Corporation will generate sufficient cash flow from operations or that it will not encounter unexpected costs in connection with implementing its business plan, and as a consequence there can be no assurances that the Corporation will not require additional financing. The Corporation has no current arrangements with respect to any other additional financing, and there can be no assurance that any such additional financing can be obtained on terms acceptable to the Corporation, or at all. Failure to obtain additional financing would likely have a substantial material adverse effect on the Corporation. Moreover, in the event the Corporation were to obtain such additional financing, it could have a dilutive effect on Subscribers' participation in the revenues generated through the Corporation's operations.

### ***Industry Risk***

In addition, prospective Subscribers should take note of the following:

- (a) ***General*** – There are also risks faced by the Corporation because of the industry in which it operates. Real estate investment is subject to significant uncertainties due, among other factors, to uncertain costs of

construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns associated with the Corporation's Mortgages reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgages. Inherent in these loans are completion risks as well as financing risks.

- (b) **Investment Concentration** – As the Corporation may have only one or a limited number of mortgage investments, it is susceptible to adverse market conditions such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Demand for residential and commercial mortgages could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing sources of mortgage money. To the extent that any of these conditions occur, they are likely to affect the demand for and the interest rate, which could cause a decrease in the interest revenue to the Corporation. Any mortgage default could impair the Corporation's ability to pay dividends to its shareholders or could restrict its ability to redeploy capital.
- (c) **Credit Risk** – As with most mortgage investment corporations, the Corporation 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. Credit risk is the risk that the mortgagor will fail to discharge the obligation causing the Corporation to incur a financial loss. The Corporation will try to minimize its credit risk primarily by ensuring that the collateral value of the security fully protects both first, second, and third mortgage advances, that there is a viable exit strategy for each loan, and that loans are made to experienced developers and owners. In addition, the Corporation intends to limit the 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.
- (d) **Liquidity Risk** – There is a risk that the Corporation will be unable to meet commitments associated with financial instruments. The Corporation controls liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals, which include anticipated redemption of Preferred Shares. The Corporation commits to mortgage investments only on an assured cash availability basis.
- (e) **Priority** – Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the mortgages registered in favor of the Corporation. In the event of default by the mortgagor under any prior financial charge, the Corporation may not recover any or all of the monies advanced under foreclosure proceedings.
- (f) **Default** – If there is default on a mortgage, it may be necessary for the Corporation, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing. In those cases, it is possible that the total amount recovered by the Corporation may be less than the total investment, resulting in loss to the Corporation. Equity investments in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Corporation's income.
- (g) **Impaired Loans** – The Corporation may, from time to time, have one or more impaired loans in its portfolio, particulars of which can be obtained by contacting the Corporation. The Corporation defines loans as being impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which write-downs have been taken or specific loss provisions established.
- (h) **Yield** – The yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, governmental regulation and tax laws. The Corporation cannot predict the effect that such factors will have on its operations.
- (i) **Renewal of Mortgages** – There can be no assurances that any of the mortgages comprising the Corporation'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 originally negotiated. 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, the mortgagee and the Corporation's management at the time of renewal.

- (j) **Competition** – The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Investment Manager, to locate suitable opportunities for the investment and re-investment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The investment industry in which the Corporation operates is subject to a wide variety of competition from private businesses in Canada and the United States, many of whom have greater financial and technical resources than the Corporation. Such competition, as well as any future competition, may adversely affect the Corporation's success in the marketplace. There is no assurance that the Corporation will be able to successfully maintain its business plan or operate profitably. Existing competitors may have greater financial, managerial and technical resources, and name recognition than the Corporation. Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.
- (k) **Mortgage Insurance** – The Corporation's mortgage loans will not usually be insured by the CMHC or any other mortgage insurer in whole or in part.
- (l) **Risks of Leverage** – Successful utilization of leverage, although not expected to be immediately implemented, depends upon the Corporation's ability to borrow funds from outside sources and to lend or invest such funds at a profitable rate of return. The risk of leverage is that it increases the Corporation's exposure to potential losses.
- (m) **Environmental** – Environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The failure to effect remedial work may adversely affect an owners' ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner.
- (n) **Profitability** – Although the Corporation will endeavour to maintain a diversified portfolio, the composition of the Corporation's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Corporation's portfolio being less diversified than anticipated. There is no assurance that the Corporation's mortgage portfolio will be profitable.
- (o) **Changes in Government Regulations** – The Corporation may need to change the manner in which it conducts business if government legislation or regulation changes, including in respect of the Tax Act as it pertains to MICs.

## ITEM 9: REPORTING OBLIGATIONS

### 9.1 Continuous Disclosure

The Corporation is not a "reporting issuer" under Applicable Securities Laws, nor will we become a reporting issuer following the completion of the Offering. Consequently, we are not required to send you any 'continuous disclosure' documents on an annual or ongoing basis. Since we are not, and will not become, subject to the continuous disclosure requirements of such securities legislation, we are not required to issue press releases or to send to you our interim and annual financial statements, management's discussion and analysis respecting such statements or annual reports.

However, the *Business Corporations Act* (Ontario) requires us to provide our shareholders with audited financial statements for each fiscal year. In addition, the Corporation is required to forward to holders of Preferred Shares resident Alberta, Ontario and Saskatchewan that purchased Preferred Shares under the offering memorandum exemption audited financial statements and disclosure regarding the use of the aggregate gross proceeds raised by the Corporation under the offering memorandum exemption within 120 days following the each of each fiscal year of the Corporation. The fiscal year of the Corporation ends on the 30<sup>th</sup> day of June of each year. Furthermore, the Corporation is required to provide notice to holders of Preferred Shares resident in Ontario that purchased Preferred Shares under the offering memorandum exemption within ten (10) days of the occurrence of: (a) a discontinuation of the Corporation's business; (b) a change in the Corporation's industry; or (c) a change of control of the Corporation.

As a matter of policy, the Corporation has determined to deliver to all holders of Preferred Shares all reporting information mandated under the offering memorandum exemption in Ontario, even where such holders are resident or otherwise subject to the laws of a jurisdiction outside Ontario or have subscribed under another prospectus exemption. In addition, the Corporation will forward to all shareholders within 90 days following the end of each fiscal year following the first Closing, all income tax reporting information necessary to enable each Preferred Shareholder to file a Canadian federal income tax return with respect to its participation in the Corporation in such fiscal year, including T5's for investment, as applicable.

The Corporation will maintain complete and adequate books and records of the investment activities of the Corporation. Subject to applicable laws, such books and records will (until the expiry of one year following the termination of the Corporation) be kept available for inspection and audit by any Preferred Shareholder or his duly authorized representatives (at the expense of such Preferred Shareholder) on not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) notice to the Corporation, during normal business hours at the principal office of the Corporation. Notwithstanding the foregoing, but subject to applicable law, Preferred Shareholders will not have access to or be provided with information with respect to the investment activities of the Corporation if such disclosure is prohibited by law or agreement or if, in the reasonable opinion of the Corporate Manager, it is in the interests of the Corporation that such information be kept confidential.

Under the terms of the Management Agreement, the Corporate Manager will provide for the preparation of accounting, management and other financial reports as well as the keeping and maintaining of the books and records of the Corporation. The Corporate Manager has appointed Goodman and Associates LLP to act as the auditors of the Corporation and to review and report to the Preferred Shareholders with respect to the financial statements of the Corporation as at the end of, and for, each fiscal year provided that the Corporate Manager may, at any time and from time to time, change the auditors of the Corporation.

The Corporate Manager has appointed TSX Trust (a division of The Toronto Stock Exchange Group) to act as the transfer agent and registrar for the Preferred Shares at its principal offices located in Toronto, Ontario.

## **9.2 Access to Corporate and Securities Information About the Corporation**

Since we are not a reporting issuer and our Preferred Shares are not publicly traded, no corporate or securities information about us is available from a government, regulatory authority, stock exchange or quotation and trade reporting system. Some securities information about this Offering and previous offerings is available from the Ontario Securities Commission at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and other applicable securities regulators. Further information about us is posted and available for review by shareholders at [www.morrisonlaurier.ca](http://www.morrisonlaurier.ca) or from the Corporation at the contact information set out on the face page of this Offering Memorandum.

### **ITEM 10: RESALE RESTRICTIONS**

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

#### **For trades in Alberta, British Columbia, Saskatchewan and Ontario:**

Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is four (4) months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

The Corporation will not become a reporting issuer upon completion of this Offering and does not currently anticipate ever becoming a reporting issuer. **The resale restriction on the securities may therefore never expire.**

#### **For trades in Manitoba:**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

**Purchasers should consult their legal advisors to determine the resale restrictions, availability of further exemptions or the possibility of obtaining a discretionary order.**

## **ITEM 11: PURCHASER 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 securities laws in your jurisdiction may provide you with the right, in certain circumstances, to seek damages or to cancel your agreement to buy Preferred Shares. These rights, or notice with respect to these rights, must be exercised or delivered, as the case may be, by the investor within the time limits prescribed by Applicable Securities Laws. While most of these rights are available if we make a misrepresentation in the Offering Memorandum or any amendment hereto, in some jurisdictions, you may have these rights in other circumstances including if the Corporation fails to deliver the Offering Memorandum to you within the required time or if we make a misrepresentation in any advertisements or literature regarding Preferred Shares. Generally, a “misrepresentation” is defined in Applicable Securities Laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. The meaning of misrepresentation may differ slightly depending on the law in your jurisdiction. In most jurisdictions, there are defences available to the persons or companies that you may have a right to sue. In particular, in many jurisdictions, the person or company that you sue will not be liable if you knew of the misrepresentation when you purchased the Preferred Shares.

**The following summaries are subject to any express provisions of the securities legislation of each Selling Jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.**

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

### **Two-Day Cancellation Right for All Purchasers**

You can cancel your agreement to purchase Preferred Shares. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the Preferred Shares.

## **Statutory Rights of Action**

### *Investors Resident in Alberta and British Columbia*

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Preferred Shares; or
- (b) for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum

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 Preferred Shares.

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Preferred Shares. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentations and three (3) years from the date of the Corporation having accepted your subscription to purchase the Preferred Shares.

*Investors Resident in Manitoba*

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Preferred Shares; or
- (b) for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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 Preferred Shares.

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Preferred Shares. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentation and two (2) years from the date of the Corporation having accepted your subscription to purchase the Preferred Shares.

*Investors Resident in Ontario*

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Preferred Shares; or
- (b) for damages against the Corporation and selling security holder on whose behalf the distribution was made, every officer and director of the Corporation, every person or company who signed this Offering Memorandum, every expert whose opinion containing a misrepresentation was filed respecting this Offering Memorandum, and every person or company that sold securities on behalf of the Corporation or selling security holder under this Offering Memorandum.

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 Preferred Shares.

If you intended to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within three (3) years after you signed the agreement to buy the Preferred Shares. You must commence the action for damages within three (3) years after learning of the misrepresentation.

*Investors Resident in Saskatchewan*

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Corporation to cancel your agreement to buy the Preferred Shares; or
- (b) for damages against the Corporation and selling security holder on whose behalf the distribution was made, every promoter and director of the Corporation or the selling security holder at the time this Offering Memorandum was sent or delivered, every person or company whose consent was filed respecting this Offering Memorandum (but only with respect to reports, opinions or statements that have been made by them), every person or company who signed this Offering Memorandum, and every person or company that sold securities on behalf of the Corporation or selling security holder under this Offering Memorandum.

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 Preferred Shares.

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Preferred Shares. You must commence the action for damages within the earlier of one (1) year after learning of the misrepresentation and six (6) years from the date of the Corporation having accepted your subscription to purchase the Preferred Shares.

***General***

The securities laws of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario are complex. Reference should be made to the full text of the provisions summarized above relating to statutory rights of action. **Purchasers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies which Purchasers may have at law.**

**ANY PERSON CONSIDERING AN INVESTMENT IN THE ISSUER SHOULD CONSULT ITS OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF AN INVESTMENT IN THE ISSUER WITH RESPECT TO SUCH PERSON'S PARTICULAR SITUATION.**

**ITEM 12: FINANCIAL STATEMENTS**

The audited financial statements for the period ended June 30, 2015 are set forth below.

MORRISON LAURIER  
MORTGAGE CORPORATION  
FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Expressed in Canadian Dollars)



# Morrison Laurier Mortgage Corporation

## Financial Statements

June 30, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
**Morrison Laurier Mortgage Corporation**

We have audited the accompanying financial statements of Morrison Laurier Mortgage Corporation, which comprise the balance sheet as at June 30, 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising 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

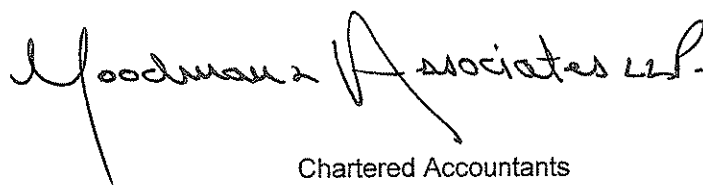
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 auditors consider 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 in our audit 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 Morrison Laurier Mortgage Corporation as at June 30, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 20, 2015

# Morrison Laurier Mortgage Corporation

## Balance Sheet

As at June 30,  
(Expressed in Canadian Dollars)

2015

2014

### ASSETS

Cash	\$ 545,293	\$ 714,526
Accrued interest receivable	316,921	339,289
Subscriptions receivable	200,100	32,100
Prepaid expense	5,205	4,199
Mortgage loans receivable (Note 4)	<u>58,887,460</u>	<u>58,945,460</u>
	<u>\$ 59,954,979</u>	<u>\$ 60,035,574</u>

### LIABILITIES

Accounts payable and accrued liabilities	\$ 83,357	\$ 54,577
Dividends payable	208,803	210,329
Due to corporate manager (Note 3)	<u>22,598</u>	<u>13,164</u>
	<u>314,758</u>	<u>278,070</u>

### SHAREHOLDERS' EQUITY

Share Capital (Note 5)	59,653,955	59,853,504
Deficit	<u>(13,734)</u>	<u>(96,000)</u>
	<u>59,640,221</u>	<u>59,757,504</u>
	<u>\$ 59,954,979</u>	<u>\$ 60,035,574</u>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board \_\_\_\_\_ Director

# Morrison Laurier Mortgage Corporation

## Statement of Comprehensive Income

For the year ended June 30,  
(Expressed in Canadian Dollars)

2015

2014

### Revenue

Interest	\$ 3,642,136	\$ 3,362,072
Management fees (Note 3)	275,313	222,527
Expense recovery	145,294	152,000
Trailer fees reimbursed (Note 3)	73,550	110,461
Commitment fees	68,935	46,771
	<u>4,205,228</u>	<u>3,893,831</u>

### Expenses

Management fees (Note 3)	275,313	264,514
General and administrative	99,831	121,451
Trailer fees	72,320	132,442
Professional fees	17,066	17,926
Insurance expense	7,248	5,436
Director fees	5,000	22,000
Business development	2,851	6,585
	<u>479,629</u>	<u>570,354</u>

### Comprehensive Income

\$ 3,725,599 \$ 3,323,477

The accompanying notes are an integral part of these financial statements.

# Morrison Laurier Mortgage Corporation

## Statement of Changes in Equity

For the year ended June 30,  
(Expressed in Canadian Dollars)

	2015		2014	
<b>Share Capital</b>				
Common shares	<u>1,000</u>	<u>\$ 100</u>	<u>1,000</u>	<u>\$ 100</u>
<b>First Preferred Shares</b>				
<b>Series C preferred shares</b>				
Balance, Beginning of year	2,438,804	23,782,480	2,711,168	26,506,130
Issuance of cash	170,110	1,701,100	408,621	4,086,210
Reinvestments	61,834	618,337	71,419	714,185
Redemption during the year	(718,711)	(7,187,112)	(378,474)	(3,784,743)
Reclassification to Series F preferred shares	<u>(7,000)</u>	<u>(70,000)</u>	<u>(373,930)</u>	<u>(3,739,302)</u>
Balance, End of year	<u>1,945,037</u>	<u>18,844,805</u>	<u>2,438,804</u>	<u>23,782,480</u>
<b>Series F preferred shares</b>				
Balance, Beginning of year	3,674,699	36,729,159	2,176,869	21,750,858
Reclassification from Series C preferred shares	7,000	70,000	373,930	3,739,302
Issuance of cash	1,570,704	15,707,040	1,346,561	13,465,610
Reinvestments	36,538	365,382	38,466	384,662
Redemption during the year	<u>(1,163,638)</u>	<u>(11,636,385)</u>	<u>(261,127)</u>	<u>(2,611,273)</u>
Balance, End of year	<u>4,125,303</u>	<u>41,235,196</u>	<u>3,674,699</u>	<u>36,729,159</u>
	6,070,340	60,080,001	6,113,503	60,511,639
Less: Cost of issuance	<u>-</u>	<u>(426,146)</u>	<u>-</u>	<u>(658,235)</u>
Balance, End of year	<u>6,070,340</u>	<u>59,653,855</u>	<u>6,113,503</u>	<u>59,853,404</u>
<b>Share Capital, End of year</b>		<u>\$ 59,653,955</u>		<u>\$ 59,853,504</u>

The accompanying notes are an integral part of these financial statements.

# Morrison Laurier Mortgage Corporation

## Statement of Changes in Equity (Cont'd)

For the year ended June 30,  
(Expressed in Canadian Dollars)

### Share Capital (cont'd)

	2015	2014
Deficit, Beginning of year	(96,000)	(82,628)
Dividends declared	(3,643,333)	(3,336,849)
Comprehensive income	<u>3,725,599</u>	<u>3,323,477</u>
Deficit, End of year	<u>(13,734)</u>	<u>(96,000)</u>
Shareholders' Equity	<u>\$ 59,640,221</u>	<u>\$ 59,757,504</u>

The accompanying notes are an integral part of these financial statements.

# Morrison Laurier Mortgage Corporation

## Statement of Cash Flows

For the year ended June 30,  
(Expressed in Canadian Dollars)

2015                      2014

### OPERATING ACTIVITIES

Comprehensive income	\$ 3,725,599	\$ 3,323,477
Changes in non-cash balances:		
Accrued interest receivable	22,368	(11,853)
Accounts receivable - other	-	13,586
Mortgage loans receivable	58,000	(11,524,764)
Prepaid expense	(1,006)	(4,199)
Accounts payable and accrued liabilities	28,783	(21,815)
Due to corporate manager	9,434	3,512
	<u>117,579</u>	<u>(11,545,533)</u>
<b>Cash Provided by (Used in) Operating Activities</b>	<u>3,843,178</u>	<u>(8,222,056)</u>

### FINANCING ACTIVITIES

Issuance of preferred shares	17,240,140	17,551,320
Cost of issuance	231,796	3,716
Dividends paid	(2,660,850)	(2,207,932)
Redemption of preferred shares	<u>(18,823,497)</u>	<u>(6,414,517)</u>
<b>Cash Provided by (Used in) Financing Activities</b>	<u>(4,012,411)</u>	<u>8,932,587</u>

<b>NET CHANGE IN CASH</b>	(169,233)	710,531
<b>CASH, Beginning of year</b>	<u>714,526</u>	<u>3,995</u>
<b>CASH, End of year</b>	<u>\$ 545,293</u>	<u>\$ 714,526</u>

The accompanying notes are an integral part of these financial statements.

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

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Morrison Laurier Mortgage Corporation (the "Company") was incorporated on August 19, 2009 under the Business Corporation Act (Ontario). The principal business activity of the Company is to act as a Mortgage Investment Corporation ("MIC") by investing in residential and commercial mortgage investments. These financial statements were approved for issuance by management on October 20, 2015.

Morrison Financial Mortgage Corporation (the "Investment Manager"), a corporation incorporated under the laws of the Province of Ontario, is the investment manager of the Company pursuant to a Financial Services Agreement dated August 20, 2009. The Investment Manager will oversee the day-to-day mortgage investment and mortgage administrative services provided by the Investment Manager for the Company's business and shall adhere to the Company's investment strategy.

Prior to July 22, 2013, Laurier Capital Properties Inc. ("LCPI"), a corporation incorporated under the laws of the Province of Ontario, was the Corporate Manager of the Company pursuant to a Management Services Agreement dated August 20, 2009. Effective July 22, 2013, Laurier Capital Funding Inc. ("LCFI"), a registered exempt market dealer in the Province of Ontario, is the Corporate Manager of the Company pursuant to a Management Services Agreement dated July 22, 2013. The Corporate Manager will oversee the Company's day-to-day operations and administrative services as well as oversee investor relations and liaising with and instructing the sales force engaged to sell interests in the Company to investors.

### 1. BASIS OF PRESENTATION

#### Statement of Compliance

The financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS").

#### Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss, which are measured at fair value.

#### Functional and Presentation Currency

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

#### Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results may differ from those estimates.

The most significant estimates that the Company is required to make relate to the impairment of the mortgage loans receivable. These estimates may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances and other factors affecting the mortgage loans receivable and underlying security of the mortgage loans receivable.



# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

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### 1. BASIS OF PRESENTATION (Cont'd)

These assumptions are limited by the availability of reliable comparable data, economic uncertain and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with IFRS and have been applied consistently to all years presented in these financial statements. The significant accounting policies are as follows:

#### Financial Instruments - Recognition and Measurement

All financial assets and financial liabilities are initially recognized at fair value and, in the case of financial assets and liabilities carried at amortized cost, adjusted for directly attributable transaction costs. In subsequent years, financial assets and financial liabilities that are held-for-trading are remeasured at fair value, with gains and losses recognized in net income. Financial assets that are loans and receivables or held-to-maturity are remeasured at amortized cost, using the effective interest rate method with impairments recognized in net income. Financial assets that are available-for-sale are remeasured at fair value, with gains and losses recognized in other comprehensive income. Financial liabilities that are not held-for-trading are remeasured at amortized cost, using the effective interest rate method and recognized in net income.

The Company has made the following classifications:

Cash	Held-for-trading
Accrued interest receivable	Other receivables
Subscriptions receivable	Other receivables
Mortgage loans receivable	Other receivables
Accounts payable and accrued liabilities	Other liabilities
Dividends payable	Other liabilities
Due to corporate manager	Other liabilities

#### Impairment

The mortgage loans receivable are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of mortgage loans receivable measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the mortgage loans receivable. Interest on the impaired asset continues to be recognized through the unwinding of the discount if it is considered collectable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

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reversed though profit or loss.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Income Taxes

The Company is a mortgage investment corporation ("MIC") pursuant to the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or future income taxes is required.

#### Share Capital

Common shares and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of common or preferred shares are recognized as a deduction from equity.

#### Revenue Recognition

Interest income is earned from mortgage loans and is recognized on the accrual basis.

#### New standards and interpretations not yet adopted:

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9 Financial Instruments ("IFRS 9"), and in October 2010 the IASB published amendments to IFRS 9. In July 2014, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2018, with early adoption permitted. The company intends to adopt IFRS 9 in its financial statements for the annual period beginning of July 1, 2018.

### 3. RELATED PARTY TRANSACTIONS

#### Management Fees

The Corporate Manager receives a management fee of i) 0.50% per annum of gross assets under administration for assets up to \$50,000,000, and ii) 0.25% per annum of gross assets under administration which exceed \$50,000,000. The management fee is calculated and paid on a monthly basis.

#### Due to Corporate Manager

The amounts due to Laurier Capital Funding Inc. as at June 30, 2015 are unsecured, non-interest bearing and are due on demand.

	2015	2014
Due to Laurier Capital Funding Inc.	\$ <u>22,598</u>	\$ <u>13,164</u>

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

### 3. RELATED PARTY TRANSACTIONS (Cont'd)

The transactions with related parties, which are measured at the exchange amount, is summarized as follows:

	2015	2014
Management fees from the Investment Manager	\$ 275,313	\$ 222,527
Trailer fees reimbursed by the Investment Manager	\$ 73,550	\$ 110,461
Management fees to the Corporate Manager	\$ 275,313	\$ 264,514

The Corporate Manager's responsibilities include assisting in the marketing of the preferred shares. During the year, the Company paid the Corporate Manager placement fees in the amount of \$0. (2014-\$0).

### 4. MORTGAGE LOANS RECEIVABLE

The interest earned in respect of the Company's respective interest in each mortgage loan shall be payable as follows: (i) the initial one percent (1%) of interest earned shall be payable to the Investment Manager; (ii) the subsequent prime plus 2.5% of interest earned shall be payable to the Company; and (iii) the balance of interest earned shall be shared equally between the Company and the Investment Manager.

The Company has a portfolio of mortgage loans receivable as follows:

2015	Amount
Current	\$ 51,218,743
Long term	<u>7,668,717</u>
	<u>\$ 58,887,460</u>

The portfolio of mortgage loans bears interest ranging from 5.68% to 8.8% per annum.

2014	Amount
Current	\$ 53,495,461
Long term	<u>5,449,999</u>
	<u>\$ 58,945,460</u>

The portfolio of mortgage loans bears interest ranging from 5.75% to 8.25% per annum.

### 5. SHARE CAPITAL

#### Authorized

Unlimited	Common shares - voting
Unlimited	Series A preferred shares - non voting, retractable
Unlimited	Series B preferred shares - non voting, retractable
Unlimited	Series I preferred shares - non voting, retractable
Unlimited	Series C preferred shares - non voting, retractable
Unlimited	Series F preferred shares - non voting, retractable

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (Cont'd)

	2015		2014	
Share Capital				
Common shares	<u>1,000</u>	<u>\$ 100</u>	<u>1,000</u>	<u>\$ 100</u>
First Preferred Shares				
Series C preferred shares				
Balance, Beginning of year	2,438,804	23,782,480	2,711,168	26,506,130
Issuance of cash	170,110	1,701,100	408,621	4,086,210
Reinvestments	61,834	618,337	71,419	714,185
Redemption during the year	(718,711)	(7,187,112)	(378,474)	(3,784,743)
Reclassification to Series F preferred shares	<u>(7,000)</u>	<u>(70,000)</u>	<u>(373,930)</u>	<u>(3,739,302)</u>
Balance, End of year	<u>1,945,037</u>	<u>18,844,805</u>	<u>2,438,804</u>	<u>23,782,480</u>
Series F preferred shares				
Balance, Beginning of year	3,674,699	36,729,159	2,176,869	21,750,858
Reclassification from Series C preferred shares	7,000	70,000	373,930	3,739,302
Issuance of cash	1,570,704	15,707,040	1,346,561	13,465,610
Reinvestments	36,538	365,382	38,466	384,662
Redemption during the year	<u>(1,163,638)</u>	<u>(11,636,385)</u>	<u>(261,127)</u>	<u>(2,611,273)</u>
Balance, End of year	<u>4,125,303</u>	<u>41,235,196</u>	<u>3,674,699</u>	<u>36,729,159</u>
	6,070,340	60,080,001	6,113,503	60,511,639
Less: Cost of issuance	<u>-</u>	<u>(426,146)</u>	<u>-</u>	<u>(658,235)</u>
Balance, End of year	<u>6,070,340</u>	<u>59,653,855</u>	<u>6,113,503</u>	<u>59,853,404</u>
Share Capital, End of year		<u>\$ 59,653,955</u>		<u>\$ 59,853,504</u>

Subsequent to year end, the Company issued \$52,000 Series C preferred shares and \$968,000 Series F preferred shares. The Company also redeemed \$336,712 Series C preferred shares and \$109,000 Series F preferred shares.

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

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### 5. SHARE CAPITAL (Cont'd)

#### Retraction Right to Series C and Series F

The Retraction Right cannot be exercised however, until the Series C and Series F Shares to be purchased by the Company have been held by the holder desiring to exercise such Retraction Right, for a period of 4 full months from the date of issuance of such Series C and Series F Shares.

Preferred Shares may be redeemed and retracted and holders shall be entitled on liquidation for all Preferred Shares previously issued and outstanding the lesser of (i) \$10.00; and (ii) the net asset value of the First Preferred Share per share which is 99% of par value.

#### Dividend Reinvestment Plan

The Company maintains a dividend reinvestment and preferred share purchase plan (the "DRIP"). Under the DRIP, holders of Preferred Shares can reinvest dividends in additional Preferred Shares of the Company.

Dividends are calculated, paid and reinvested in Preferred Shares on a monthly basis (the "Investment Date"). The Company calculates and pays dividends on the Preferred Shares on a monthly basis within 22 days after the end of each month. The payment of a dividend, and the declaration, record and payment dates applicable to it are determined by the directors of the Company on its sole discretion.

Participation in the DRIP may be terminated by a Preferred Shareholder at any time by giving written notice to the Company.

### 6. FINANCIAL INSTRUMENTS

The Company has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting in financial instruments include credit risk, liquidity risk and market risk (including interest rates, other price risk and currency risk). The level of risk depends on the mortgage loans receivable that the Company invests in.

#### Credit Risk:

The Company is exposed to credit risk which is the non-performance by counterparties in connection with the Company's interest receivable and mortgage loans receivable. The Company reduces this risk through collateral or other security to support the interest receivable and mortgage loans receivable subject to credit risk and dealing only with what management believes to be financially sound counterparties. In the opinion of management, the Company is not exposed to a material loss due to credit risk.

#### Liquidity Risk:

The Company is exposed to liquidity risk. Liquidity risk is the risk that the payments and obligations of the Company become due and the Company fails to discharge those payments and obligations in a timely manner. The Company maintains cash reserves that are considered necessary to discharge its obligations. In the opinion of management, the Company is not exposed to a material credit risk.

# Morrison Laurier Mortgage Corporation

## Notes to Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

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### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Interest Rate Risk:

The Company is exposed to interest rate risk. Interest rate risk is the risk that the interest rate is less than the market rate for mortgage loans receivable. The Company reduces this risk by ensuring that the majority of the Company's mortgage loans receivable have a variable interest rate and as such the interest rate moves in the same direction as the market rate. A change in the bank's prime lending rate may cause fluctuations in interest payments and cash flows of the Company. The Company does not use derivative financial instruments to alter the effects of this risk. In the opinion of management, the Company is not exposed to a material interest rate risk.

#### Capital Risk Management

The Company defines capital as being the funds raised through the issuance of share capital of the Company. The Company's objective when managing capital/equity is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders. The Company manages the capital/equity structure and makes adjustments to it in light of changes in economic conditions.

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of accrued interest receivable, subscription receivable, accounts payable and accrued liabilities, due to Corporate Manager and dividends payable approximate their carrying values due to their short-term maturities.

The fair value of mortgage loans receivable approximate its carrying values due to their short-term maturities and their floating interest rates.

## **DATE AND CERTIFICATE**

**Dated:** June 15, 2016

This Offering Memorandum does not contain a misrepresentation.

### **MORRISON LAURIER MORTGAGE CORPORATION**

(signed) "*Adam Rose*"  
President, Secretary/Treasurer & Director

### **On behalf of the Board of Directors of Morrison Laurier Mortgage Corporation**

(signed) "*Alan Farber*"  
Director

(signed) "*Sloan Levett*"  
Director

### **PROMOTER**

#### **Laurier Capital Properties Inc.**

(signed) "*Adam Rose*"  
President

**SCHEDULE “A”**  
**SUBSCRIPTION AGREEMENT**



## **SCHEDULE "B"**

### **ENROLMENT FORM FOR DIVIDEND REINVESTMENT PLAN**

TO: Morrison Laurier Mortgage Corporation (the "Corporation")

By signing this form, the undersigned requests enrolment in the Corporation's Dividend Reinvestment Plan to have all dividends reinvested in additional Preferred Shares in the capital of the Corporation. The undersigned acknowledges having received and read a copy of the Corporation's current offering memorandum and in particular "Item 5.1 – Terms of Securities – Dividend Reinvestment Plan" and agrees that participation in the Plan will be subject to the disclosure regarding same set out in the offering memorandum. The undersigned also acknowledges that this authorization to enrol Preferred Shares will remain in effect until the undersigned otherwise notifies the Corporation in writing in accordance with the terms of the Plan.

DATE: \_\_\_\_\_

Shareholder Signature:

Name in which the Corporation's Preferred  
Shares are registered:

\_\_\_\_\_

\_\_\_\_\_

Please Print:

Number of Shares: \_\_\_\_\_

Series of Shares (please circle): C F

Telephone Numbers:

Address:

Residence: \_\_\_\_\_

\_\_\_\_\_

Work: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### **Completing and Returning the Form**

Please print clearly. When a registered shareholder has completed this enrolment form, it should be returned to the Corporation at the following address:

Morrison Laurier Mortgage Corporation  
8 Sampson Mews, Suite 202  
Toronto ON M3C 0H5  
Tel: (416) 391-3535  
Fax: (416) 391-4843  
Email: [info@morrisonlaurier.ca](mailto:info@morrisonlaurier.ca)