This Offering Memorandum is for the personal use only of those persons to whom we deliver a copy in connection with this offering for the purpose of evaluating the securities we are offering hereby. By accepting a copy of this Offering Memorandum, you agree that you will not transmit, reproduce or make available to anyone, other than your professional advisors or as required by law, this Offering Memorandum or any information contained herein. No person has been authorized to give any other information or to make any other representation concerning this offering that is not contained in this Offering Memorandum. You should not rely on any such other information or representation. The delivery of this Offering Memorandum is not intended to constitute an offering of securities where it is unlawful to make an offering memorandum distribution under National Instrument 45-106.

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8, Risk Factors.

FORM 45-106F2

OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

GINKGO MORTGAGE INVESTMENT CORPORATION

DATE:	January 15th, 2019
THE ISSUER	GINKGO MORTGAGE INVESTMENT CORPORATION **(the "Issuer" or the "Corporation")** Head Office: 101 Duncan Mill Road, Suite 400, Toronto, Ontario M3B 1Z3 Tel: 416-901-5133 Fax: 416-386-9922 Website: www.ginkgomic.com Email: info@ginkgomic.com
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:	Up to 5,000,000 Class "A" Participating Preference Shares, Series 1 (**"Preferred Shares"**) of the Corporation.
PRICE PER SECURITY:	The issue price per share will be equal to the Book Value Per Share at the time of purchase. The Corporation intends to maintain a Book Value Per Share of $10.00 (see Item 5.2, "Subscription Qualification").
MINIMUM OFFERING:	The minimum offering size is 50,000 Preferred Shares ($500,000 expected value).
MAXIMUM OFFERING:	The maximum offering is 5,000,000 Preferred Shares ($50,000,000 expected value).
PAYMENT TERMS:	Bank draft or certified cheque payable to the Corporation or any other manner of payment acceptable to the Issuer. Each transaction to complete the sale of Preferred Shares is a "Closing".
PROPOSED CLOSING DATES:	Closings will occur on a continuous basis as subscriptions are received and accepted. It is expected that all accepted subscriptions will be effective on the last day of each month and settled within three business days.
INCOME TAX CONSEQUENCES:	**There are important tax consequences to these securities.** The Preferred Shares will be qualified investments for inclusion in a Canadian RRSP, RRIF, RESP, TFSA, or DPSP subject to the Corporation maintaining its status as a "mortgage investment corporation" (**"MIC"**). For further information, see Item 6.
SELLING AGENT:	The Corporation will pay a commission to registered dealers or a referral fee in those jurisdictions where permitted by applicable securities legislation, up to a maximum of 6% of the aggregate purchase price of the Preferred Shares sold to subscribers referred by registered dealers or finders in such jurisdictions.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See item 10, Resale Restrictions. In addition, no Preferred Shares shall be transferred without the consent of the majority of the board of directors of the Corporation. Requests to transfer shares of the Corporation will be acceded to by the directors of the Corporation provided that the requested transfer of shares does not impair the Corporation's status as a MIC or contravene any law, rule, policy or regulation prescribed by any applicable securities commission or the provisions of the *Business Corporations Act* (Ontario) or any other applicable laws.

PURCHASERS' RIGHTS

You have two (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 for damages or to cancel the agreement. See item 11, Purchasers' Rights.

GENERAL DISCLAIMERS

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.

FORWARD LOOKING STATEMENTS

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. Forward-looking statements may be identified by the use of words like "believes", "intends", "expects', "may", "will", "should", or "anticipates", or the negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties. All forward-looking statements are based on the Corporation's current beliefs as well as assumptions made by and information currently available to the Corporation and relate to, among other things, anticipated financial performance; business prospects; strategies; the nature of the Corporation's operations; sources of income; forecasts of capital expenditures and the sources of the financing thereof; expectations regarding the ability of the Corporation to raise capital; the Corporation's business outlook; plans and objectives for future operations; forecast business results; and anticipated financial performance.

The risks and uncertainties of the Corporation's business, including those discussed under Item 8, Risk Factors, could cause the Corporation's actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, the Corporation bases forward-looking statements on assumptions about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, prospective purchasers should not place undue reliance on forward-looking statements and should be aware that events described in the forward-looking statements set out in this Offering Memorandum may not occur.

The Corporation cannot assure prospective purchasers that its future results, levels of activity and achievements will occur as the Corporation expects, and neither the Corporation nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, the Corporation assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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 need 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 Schedule is attached to and forms a part of this Offering Memorandum:

Schedule “A” – Subscription Agreement

INTERPRETATION

In this Offering Memorandum, unless the context otherwise requires, when we use terms such as the “**Corporation**”, the “**Issuer**”, “**we**”, “**us**” and “**our**”, we are referring to Ginkgo Mortgage Investment Corporation and when we use the terms such as “**Investor**”, **“Subscriber”** or “**you**” we are referring to a person who purchases Preferred Shares under the Offering, thereupon becoming an Investor in the Corporation.

Words importing the singular number only, include the plural and vice versa, and words importing the masculine, feminine or neuter gender include the other genders.

GLOSSARY OF TERMS

The following are definitions of certain terms used in this Offering Memorandum:

“Board of Directors” means the board of directors of the Corporation;

“Book Value Per Share” means the value of the Preferred Shares which is equal to the outstanding principal value of the Corporation’s mortgages, net of any write-down for impairment, plus any accrued interest, pre-paid expenses, cash and other assets of the Corporation, less liabilities of the Corporation, divided by the number of issued and outstanding Preferred Shares of the Corporation.

“Preferred Shares” or “Shares” means the Class “A” Participating Preference Shares, Series 1 of the Corporation.

“Corporation” means Ginkgo Mortgage Investment Corporation.

“DPSP” means deferred profit sharing plan as defined under the ITA.

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended.

“Investor” or “Subscriber” means a purchaser of Preferred Shares pursuant to this Offering.

“MBLAA” means the *Mortgage Brokerages, Lenders and Administrators Act, 2006*

“Mortgage Broker” means iBrokerPower Capital Inc.

“MIC” means a “mortgage investment corporation” as defined under the ITA.

“Offering” means the offering of Preferred Shares in the capital of the Corporation pursuant to this Offering Memorandum.

“Registered Plans” means any one of RESP, RRIF, TFSA, DPSP and RRSP.

“RESP” means a “registered education savings plan” as defined under the ITA.

“RRIF” means a “registered retirement income fund” as defined under the ITA.

“RRSP” means a “registered retirement savings plan” as defined under the ITA.

“Shareholders” means holders of Preferred Shares subscribed for pursuant to this Offering Memorandum.

“TFSA” means a “tax free savings account” as defined under the ITA.

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PURPOSE OF THE OFFERING

The purpose of this offering is to provide investors with the opportunity to subscribe for Preferred Shares. The Corporation qualifies as a "mortgage investment corporation" for purposes of the ITA. The Corporation will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Corporation in computing its income for the preceding year. Dividends other than capital gains dividends, which are paid by the Corporation on the Preferred Shares to Shareholders, will be included in Shareholders' incomes as interest income.

The Preferred Shares will be qualified investments for inclusion in a Canadian RRSP, RRIF, RESP, TFSA, or DPSP subject to the Corporation maintaining its status as a "mortgage investment corporation". For further information, see Item 6.

USE OF AVAILABLE FUNDS

1.1 Funds

The funds that will be available to the Corporation from this Offering, together with funds available from other sources, as at the date of this Offering Memorandum are set out in the following table:

		Assuming minimum offering	**Assuming maximum offering**
A	Amount to be raised by this offering	$500,000	$50,000,000[1]
B	Selling commissions and fees[2]	($30,000)	($3,000,000)
C	Estimated offering costs (e.g. legal, accounting, audit, etc.)	($30,000)	($30,000)
D	**Available funds:** **D = A – (B + C)**	**$440,000**	**$46,970,000**
E	Additional sources of funding required	$nil	$nil
F	Working capital deficiency[5]	$nil	$nil
G	**Total: G = (D+E) - F**	**$440,000**	**$46,970,000**

Notes:

1. After the first Closing under this Offering Memorandum, the Corporation will complete Closings from time to time as subscriptions are received and accepted.
2. Assuming maximum commissions or referral fees of six percent (6%) are paid for all Preferred Shares sold.
3. As at the date of this Offering Memorandum.

1.2 Use of Available Funds

We intend to use the funds available to us from this Offering and from other sources, as estimated in Item 1.1 "Funds", as set out in the following table:

Description of intended use of available funds proceeds listed in order of priority	**Assuming minimum offering**	**Assuming maximum offering**
Investment in mortgages as described under *Item 2*	$ 404,800	$ 43,212,400
Working capital[(1)]	$ 35,200	$ 3,757,600
TOTAL	**$ 440,000**	**$ 46,970,000**

Notes:

1. Our revenue from operations has been, and we expect it to continue in the next year to be, sufficient to cover our operating costs. Working capital is assumed to be maintained at 8% of the fund size. Any retraction requests are paid using our working capital. We expect retractions to continue approximately as they have for the last two financial periods and do not expect that such retractions will cause any adverse effect on our operations or the payment of dividends. See Item 5.1 "Terms of Securities – Retraction Rights."
2. Amounts for operating expenses, management fees, and dividend distributions are not paid from the proceeds of this Offering. Since the Corporation is operational and profitable, these amounts have been, and are expected to continue to be, paid out of current mortgage portfolio income. Amounts for these items are expected to be approximately proportional to amounts paid in our previous operating year. See Item 2.3 "Development of the Business" and Item 5.1 "Terms of Securities – Dividend Policy."

1.3 Reallocation

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

BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on July 29, 2011. The Corporation's fiscal year ends on August 31st in each year.

The head office and the registered office of the Corporation are located at 101 Duncan Mill Road, Suite 400, Toronto, Ontario M3B 1Z3.

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 is a "mortgage investment corporation" for purposes of the ITA (See "Item 6 – Income Tax Consequences – Status of the Corporation" for the requirement of a MIC under the ITA). As such, its business consists in the lending of money, principally to individuals, for the purpose of acquiring, developing, maintaining or upgrading residential real estate or other real property, against the security of a mortgage granted on such property. The Corporation conducts its mortgage lending activities on properties located in Canada, primarily in the Provinces of Ontario, Manitoba and British Columbia.

The Corporation's objective is to generate income while preserving, for its shareholders, capital for reinvestment. The Corporation makes loans which do not generally meet the underwriting criteria of conventional lenders and/or involve borrowers in rural areas typically not well serviced by major lenders.

As a result, the mortgages held by the Corporation are expected to earn a higher rate of interest than what is generally obtainable through conventional mortgage lending activities. Unlike mortgage mutual funds, the Corporation engages in direct mortgage lending activities instead of acquiring mortgages, or fractional interests in mortgages, in the secondary market. Also, unlike many mortgage mutual funds, the Corporation does not use derivatives and generally does not participate in mortgage syndications.

The Mortgage Broker – iBrokerPower Capital Inc.

In Ontario, mortgage brokers are regulated by the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (the "**MBLAA**"). The MBLAA not only regulates those who arrange, negotiate or trade in mortgages but also those who administer them.

The Corporation is a licensed mortgage administrator under the MBLAA license number 12157. As a mortgage administrator, the Corporation will carries out mortgage administration duties such as collection of payments, distribution of income, and where necessary, commencing enforcement proceedings against delinquent mortgagors.

Since the Corporation is not licensed as a mortgage broker, it must therefore, conduct its mortgage investment activities through licensed mortgage brokers. As a result, the Corporation has entered into a management agreement (the **"Mortgage Broker Management Agreement"**) with iBrokerPower Capital Inc. (the **"Mortgage Broker"**) pursuant to which the Mortgage Broker has agreed to service the Corporation's mortgage portfolio, including sourcing, negotiating, and underwriting mortgages. The Mortgage Broker's MBLAA mortgage brokerage license number is 10538.

The Mortgage Broker is wholly owned by Mr. Henry Tse and Mr. Ronald Lee and as such is an affiliate of the Corporation. As at the date hereof, the Mortgage Broker has 16 employees and over 40 mortgage agents.

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

As at the date hereof, the management of the Mortgage Broker and related parties hold, directly or indirectly, 150,826 Preferred Shares, representing approximately 2.921% of the issued and outstanding Preferred Shares.

Responsibilities of the Mortgage Broker

The Corporation does not actively employ resources to actively seek or originate mortgages for investment, but instead relies on the expertise of the Mortgage Broker 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 are held in cash deposited with a Canadian chartered bank or are invested by the Mortgage Broker 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.

The Corporation is responsible for directing the affairs and managing the business of the Corporation. The Corporation will oversee the mortgage investment services provided by the Mortgage Broker for the Corporation's business and the Mortgage Broker shall adhere to the Corporation's investment strategies, operating restrictions, operating policies and investment policies as set forth herein. Specifically, the Mortgage Broker is required, among other things, to:

a. use its reasonable commercial efforts to present to the Corporation for acquisition, investment opportunities consistent with the Corporation's investment policies and objectives;

b. underwrite mortgage applications and recommend mortgage approvals to the Board of Directors, providing the Corporation with information, including the terms and conditions of the recommended mortgage investments, relating to the proposed mortgage investments;

c. monitor the status and progress of investments acquired by the Corporation, maintain records and accounts in respect of each investment, and on a monthly basis forward to the Corporation a monthly statement of account in respect of all investments in which the Corporation has an interest;

d. investigate, select and conduct relations with consultants, borrowers, lenders, mortgagors and other mortgage and investment participants, accountants, originators or brokers, correspondents and mortgage managers, technical advisers, lawyers, underwriters, brokers and dealers, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers, insurance agents, banks, investors, builders and developers;

e. employ, retain and supervise such persons and the services performed or to be performed by such persons in connection with the Corporation's investments and to substitute any such party or itself for any other such party or for itself;

f. provide assistance in those services as may be required by the Corporation in connection with the collection, handling, prosecuting and settling of any claims the Corporation may have with respect to its investments, including foreclosing and otherwise enforcing mortgages and other liens and security interests securing the Corporation's investments;

g. act on the Corporation's behalf as its nominee or agent in connection with acquisitions or dispositions of investments, the execution of deeds, mortgages or other instruments in writing for or on the Corporation's behalf and the handling, prosecuting and settling of any claims relating to the Corporation's investments including the foreclosure or other enforcement of any mortgage, lien or other security interest securing the Corporation's investments;

h. deliver portfolio reports from time to time with respect to the Corporation's investments and provide any other information or documentation relating to such investments as may be reasonably requested;

i. generally perform such other acts as a commercial mortgage loan administrator would perform in the administration of the Corporation's investments; and

j. provide or cause to be provided such administrative support to the Corporation as may be reasonably requested by the Corporation.

Mortgage transactions for the Corporation are sourced by the Mortgage Broker from other mortgage brokers. The Mortgage Broker has no exclusive arrangement with any particular mortgage broker for the origination of mortgages. Consistent with industry norms, the Mortgage Broker may pay a commission to the mortgage broker who originated the loan.

The Mortgage Broker provides 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 Mortgage Broker reviews and reports to the holders of any debt or equity interests in the Corporation in accordance with the reporting obligations imposed upon the Corporation pursuant to the Corporation's current offering memorandum.

The Mortgage Broker may, subject to compliance with regulatory requirements, co-ordinate and participates in, the marketing and distribution of the Preferred Shares.

Investment Strategies

The Corporation's business consists in lending money, principally to individuals, for the purposes of acquiring, developing, maintaining or upgrading residential and other real property, against the security of a mortgage granted on such property. The purchase of a single security, namely, the Preferred Shares, allows an investor to diversify risk and participate with other investors in an entity holding a variety of mortgages.

The Corporation works closely with retail mortgage brokers throughout Ontario, Manitoba and British Columbia in order to market itself as a lender of choice in the non-conventional mortgage market segment. In this manner, it expects to be well positioned to receive referrals on mortgage lending opportunities that do not meet the criteria of the major lending institutions and/or will involve borrowers in rural areas typically not well serviced by major lenders. As a result, the Corporation's investments in non-conventional mortgages are expected to earn a higher rate of interest than what is generally obtainable through usual mortgage lending activities.

The Corporation, through the Mortgage Broker, will invest primarily in second mortgages, and such mortgages will typically fall into the following major loan categories:

(a) *Standard First or Second Mortgage Loans* – These are either conventional (75% loan to value ratio) or high ratio first or second mortgage loans. High ratio mortgage loans will not exceed 85% of the appraised value at the time of the loan. These loans would typically be advanced to borrowers to assist with the purchase or refinancing of a property.

(b) *Equity Loans* – These loans are advanced to bridge the gap between the equity which is provided by a developer or purchaser and the amount available through conventional financing in the development or purchase of residential, commercial or industrial properties. These can also be 'equity take-out' mortgages where an existing owner has built up equity in a property and wishes to extract cash funds by way of mortgaging that equity. Because of the typically higher risk, potential returns are significantly higher than conventional mortgage returns. Additional revenue is often realized through bonus payments, set up fees, etc. By their very nature, these are generally second or third position mortgage loans (i.e. loans secured by mortgages against title to land that rank second or third in priority behind other, usually conventional, loan facilities).

(c) *Construction Loans* – These loans are advanced to finance the construction and development of various types of properties. These loans are higher risk than loans on completed buildings.

(d) *Improvement Loans* – These loans are advanced to finance completed or substantially completed buildings that will benefit by the property's redevelopment, renovation, additions, etc. Typically, the funds are used to improve a property so that the overall value is substantively increased, its usability is enhanced, and/or its potential for increased revenue can be realized. While construction risk is substantially eliminated, the success of these projects is subject to market conditions. Accordingly, the return is usually similar to construction loans.

(e) *Land Servicing Loans* – These loans are advanced to finance the development of land zoned or approved for development. The development process often includes road construction, installation of services, utilities and other improvements required by the governing municipality. The funding of progress advances is usually carried out on a working-place/cost-to-complete basis. The initial advance under a land servicing loan may be made before development commences, but not before the property is zoned, approved or designated within a community plan by the municipality for the intended use. Because such loans are made at an early stage of the development, they tend to be higher risk and offer a higher return.

Loans will generally be for terms of twelve months or less. Interest is often set at a fixed rate or at a floating rate based on a margin over the prime lending rate of the Corporation's bank, sometimes with a minimum specified rate. Loan to value, borrower credit history, repayment ability of the borrowers, job stability and marketability of the property and other factors are also part of the underwriting guidelines in setting the appropriate interest rate. The Corporation may share part of a mortgage investment with other lenders acceptable to the Corporation. By limiting its participation in large individual investments, the Corporation will have the benefits of increased portfolio diversification. It will also enable the Corporation to participate in the financing of larger real estate projects than would otherwise be possible.

The Corporation's mortgage portfolio composition will vary over time depending on the Mortgage Broker'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 Canadian based real estate.

The Corporation may pursue a leveraged investment strategy by issuing debt obligations up to a maximum of two times the net book value of the assets of the Corporation i.e., it will borrow money (including drawing on its line of credit) in an attempt to increase the Corporation's returns by taking advantage of the difference between the interest earned on the loans made by the Corporation and the cost of borrowing the money to make such loans. Please refer to Risk Factors Item 8.1(e) for risks associated with the use of leverage by the Corporation.

Operating Restrictions

Subject to the right of the Corporation, in consultation and upon notice to the Mortgage Broker, 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:

(a) 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 Mortgage Broker. **"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; and **"Residential Mortgages"** means that are principally secured by mortgage registrations on residential property titles.

(b) 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 Mortgage Broker and not the borrower.

(c) The Corporation may participate in mortgages on a syndication basis, subject to the approval by the Board of Directors.

(d) All mortgages will, following funding, be registered, subject to regulatory compliance, on title to the subject property in the name of any of the Corporation, the Mortgage Broker, their respective affiliates or a nominee for the Corporation or the Mortgage Broker.

(e) The Mortgage Broker shall apply known and established procedures in the evaluation of mortgage opportunities.

(f) Subject to clause(j) 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.

(g) The Corporation will not invest for the purposes of exercising control over management of any company or other entity.

(h) The Corporation will not make short sales of securities or maintain a short position in any securities.

(i) The Corporation will not guarantee the securities or obligations of any person.

(j) 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 Mortgage Broker 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 the Board of Directors.

(k) except for any obligations owing under the Mortgage Broker Management Agreement, the Corporation will not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is a director, officer or employee of the Corporation or of any other person who does not deal at arm's length with the Corporation or any of its directors, officers or employees.

Investment Policies

The Corporation has adopted certain policies which establish the investment criteria for the Corporation's investments. By entering into the Mortgage Broker Management Agreement, the Mortgage Broker has agreed to abide by and apply these policies, which are as follows:

(a) the Corporation's only undertaking will be to invest the Corporation's funds in accordance with its investment objectives, strategies and restrictions;

(b) will make loans in amounts up to 85% of the fair market value of the mortgaged property; fair market value will be primarily based on the most recent sales comparison as determined by an independent professional appraiser who possesses either a Canadian Residential Appraiser (CRA) or Accredited Appraiser Canadian Institute (AACI) designation.

(c) may from time to time engage in bridge financing activities including the financing of new home construction;

(d) allows for up to 40% of the mortgages held to be Commercial Mortgages or mixed use properties;

(e) intends to generally invest in open mortgages, primarily as second mortgagee, and carrying a fixed rate of interest;

(f) targets holding a cash or near cash position equal to approximately 10% of its total assets; and

(g) will not buy or sell mortgages in the secondary market, or hold a fractional interest in a mortgage participate in mortgage syndications except as approved by the Board of Directors (see Operating Restrictions item (c)).

Management Fees and Expenses

The Mortgage Broker will pay all of its costs, expenses and overhead relating to the provision of its services pursuant to the Mortgage Broker Management Agreement. All of the other costs with respect to the Corporations' business, shall be paid for by the Corporation including, without limitation, legal, audit, shareholder meeting and communication costs, and shall also include those related to collecting or attempting to collect any amounts owing or in arrears on any of our mortgage investments, or any portion thereof pro-rata, including foreclosure or other court proceedings.

As compensation for the services provided by the Mortgage Broker to the Corporation, the Mortgage Broker will receive a monthly fee equal to 1/12th of 1.5% of the book value of the total mortgage investments under administration of the Corporation. The Mortgage Broker Management Agreement also provides that the Mortgage Broker may, from time to time, charge brokers' fees, lenders' fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers with respect to any mortgage loan, all of which fees are the sole property of the Mortgage Broker.

The Board of Directors

The Board of Directors of the Corporation currently consists of four directors, two of them who also constitute the board of directors of, and control, the Mortgage Broker. The Board approves all policies of the Corporation and has final approval on all individual mortgages recommended by the Mortgage Broker. Please refer to "Conflicts of Interest" below and to Risk Factors Item 8.2(c) for risks associated with potential conflicts of interest. In addition to the professional qualifications and experience they have individually, the Board of Directors receives on-going education on corporate governance.

The Board meets as a whole at least monthly although the members of the Board of Directors are in regular communication with the Mortgage Broker. The Board receives regular reports from the Mortgage Broker on the Corporation's operations and portfolio.

Changes to Investment Strategies, Operating Restrictions and Investment Policies

The Corporation's board of directors may in its discretion but acting in the best interests of the Corporation make any amendments, modifications or other changes to the foregoing investment strategies, operating restrictions and investment policies of the Corporation including if, due to a change in the provisions of the ITA or other legislation applicable to the Corporation, any of the foregoing restrictions require amendment in order to comply with such change in legislation in order for the Corporation to continue to qualify as a "mortgage investment corporation", and such amendments, modifications or other amendments will be binding on the Corporation. It is anticipated that the Mortgage Broker will provide the Corporation with assistance from time to time on revision of the foregoing strategies, restrictions or policies for any reason including in order to comply with applicable legislation. In the event of any amendment to the foregoing strategies, restrictions and policies, the Mortgage Broker will be required to comply with and observe such change immediately upon such change becoming effective. Please also refer to Risk Factors Item 8.2(c) for risks associated with potential conflicts of interest.

Conflicts of Interest

The Corporation and the Mortgage Broker 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 Preferred Shares of the Corporation (i) may 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. Please also refer to Risk Factors Item 8.2(c) for risks associated with potential conflicts of interest.

2.3 Development of Business

The Corporation was incorporated on July 29, 2011. The Corporation's initial business is limited to investing the net proceeds of this offering in mortgage investments in accordance with the policies and guidelines set out above under Item 2.2. The success of the Corporation is dependent, to a large part, on the experience and good faith of the Mortgage Broker.

The Corporation has declared and paid dividends monthly since inception and intends to continue to declare and pay dividends monthly. Since inception all dividends have been made out of net income and capital gains received in each financial year, and none of such distributions have been funded by sources such as loans, share issuances or any credit facility. It is the intention of the Corporation to continue to make dividends on that basis. Amounts for operating expenses, management fees, and dividend distributions are not paid from the proceeds of the Offering. Since the Corporation is operational and profitable, these amounts have been, and are expected to continue to be, paid out of current mortgage portfolio income.

For fiscal years ended August 31, 2013 and August 31, 2014 and for the period commencing September 1, 2014 and ending May 31, 2015, the Corporation delivered an annualized dividend yield (net of all fees and expenses of the Corporation) to holders of Preferred Shares of 9.00%. The annualized dividend rate was changed to 8.50% on June 1, 2015, and for the fiscal year ended August 31, 2016, August 31, 2017, and August 31, 2018, the Corporation delivered an annualized yield (net of all fees and expenses of the Corporation) to holders of Preferred Shares of 8.50%.

The Corporation will from time to time determine target yields with respect to the Preferred Shares. As at the date of this Offering Memorandum, the Corporation is targeting declaring dividends of approximately $0.07083 per Preferred Share per month ($0.85 per annum representing an annual dividend of 8.5% 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. In addition, if the directors of the Corporation, on the advice of the Mortgage Broker, determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, the dividends to be made on the Preferred Shares. On the other hand, 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. Please refer to Item 5.1 "Terms of Securities – Dividend Policy."

During our two most recently completed financial years there have not been any unusual events or conditions that have favourably, or adversely, influenced the development of our business.

As at December 31, 2018, 259 individual mortgages are held by the Corporation and the total assets under administration is $46,804,089. The Corporation's portfolio has an average loan size of $180,711 and an average loan to value of 67.11%.

Investment Portfolio

The following table illustrates the property type, location, principal amount, loan to value, interest rate, term, position and percentage of total portfolio of mortgages held by the Corporation as at December 31, 2018.

Property Type	Province	Outstanding Principal[1]	Loan-to-Value[2]	Interest Rate	Term (Months)	Position	% of Portfolio
Single Family	BC	$192,000	72.00%	12.75%	12	Non-First	0.410%
Single Family	BC	$600,000	68.65%	15.50%	12	Non-First	1.282%
Single Family	BC	$200,000	77.62%	13.50%	12	Non-First	0.427%
Single Family	MB	$211,590	76.36%	12.50%	12	First	0.452%
Single Family	MB	$47,000	80.00%	12.95%	12	Non-First	0.100%
Single Family	MB	$20,000	55.63%	12.00%	12	Non-First	0.043%
Single Family	MB	$36,000	80.00%	13.00%	12	Non-First	0.077%
Single Family	MB	$21,500	80.00%	12.00%	12	Non-First	0.046%
Single Family	MB	$40,000	62.69%	13.00%	12	Non-First	0.085%
Single Family	MB	$26,000	85.00%	14.50%	12	Non-First	0.056%
Single Family	MB	$35,000	82.00%	13.50%	12	Non-First	0.075%
Single Family	MB	$12,000	84.00%	13.50%	12	Non-First	0.026%
Single Family	MB	$12,000	79.00%	14.00%	12	Non-First	0.026%
Single Family	MB	$60,000	74.00%	12.00%	12	Non-First	0.128%
Single Family	MB	$46,000	78.00%	13.00%	12	Non-First	0.098%
Single Family	MB	$34,500	85.00%	14.00%	12	Non-First	0.074%
Single Family	MB	$69,000	83.00%	16.50%	12	Non-First	0.147%
Single Family	MB	$30,000	78.00%	16.50%	12	Non-First	0.064%
Single Family	MB	$210,000	72.00%	13.95%	12	Non-First	0.449%
Single Family	MB	$36,500	84.00%	17.00%	12	Non-First	0.078%
Single Family	MB	$40,000	82.03%	15.00%	12	Non-First	0.085%
Single Family	MB	$22,000	79.86%	12.50%	12	Non-First	0.047%
Single Family	MB	$15,000	77.59%	17.00%	12	Non-First	0.032%
Single Family	MB	$30,000	75.00%	17.00%	12	Non-First	0.064%
Single Family	MB	$70,000	65.41%	13.75%	12	Non-First	0.150%
Single Family	MB	$54,000	67.42%	13.50%	12	Non-First	0.115%
Single Family	MB	$35,000	73.20%	13.75%	12	Non-First	0.075%
Single Family	MB	$110,000	69.20%	14.00%	12	Non-First	0.235%
Single Family	ON	$36,225	85.00%	12.00%	12	Non-First	0.077%
Single Family	ON	$20,700	85.00%	14.00%	12	Non-First	0.044%
Condominium	ON	$30,000	79.78%	12.00%	12	Non-First	0.064%
Single Family	ON	$28,000	85.00%	12.00%	12	Non-First	0.060%
Single Family	ON	$30,000	81.40%	13.50%	12	Non-First	0.064%
Single Family	ON	$700,000	58.00%	11.25%	12	Non-First	1.496%
Single Family	ON	$45,000	76.00%	13.50%	12	Non-First	0.096%
Single Family	ON	$30,000	77.00%	13.00%	12	Non-First	0.064%
Single Family	ON	$150,000	42.91%	12.00%	12	Non-First	0.320%
Single Family	ON	$80,000	81.19%	13.00%	12	Non-First	0.171%

Condominium	ON	$90,000	77.16%	12.00%	12	Non-First	0.192%
Condominium	ON	$90,000	80.00%	12.00%	12	Non-First	0.192%
Single Family	ON	$100,000	51.00%	12.00%	12	Non-First	0.214%
Single Family	ON	$537,030	36.00%	13.00%	12	First	1.147%
Single Family	ON	$63,000	85.00%	14.00%	12	Non-First	0.135%
Single Family	ON	$100,000	50.00%	15.00%	12	Non-First	0.214%
Single Family	ON	$385,000	77.00%	10.50%	12	Non-First	0.823%
Single Family	ON	$40,500	81.00%	16.50%	12	Non-First	0.087%
Single Family	ON	$85,427	38.00%	13.00%	12	Non-First	0.183%
Single Family	ON	$90,000	81.00%	13.00%	12	Non-First	0.192%
Single Family	ON	$195,000	71.00%	11.00%	12	Non-First	0.417%
Single Family	ON	$30,000	60.00%	13.95%	12	Non-First	0.064%
Single Family	ON	$167,852	83.00%	17.00%	12	Non-First	0.359%
Single Family	ON	$70,000	73.00%	14.99%	12	Non-First	0.150%
Single Family	ON	$52,000	79.00%	14.50%	12	Non-First	0.111%
Single Family	ON	$48,000	79.00%	14.50%	12	Non-First	0.103%
Single Family	ON	$98,000	82.00%	16.35%	12	Non-First	0.209%
Single Family	ON	$100,000	71.00%	13.00%	12	Non-First	0.214%
Single Family	ON	$100,000	56.00%	11.50%	12	Non-First	0.214%
Single Family	ON	$385,963	65.00%	12.99%	12	Non-First	0.825%
Single Family	ON	$180,000	79.00%	13.99%	12	Non-First	0.385%
Single Family	ON	$45,000	63.00%	16.00%	12	Non-First	0.096%
Single Family	ON	$60,000	61.00%	13.95%	12	Non-First	0.128%
Condominium	ON	$69,000	73.00%	16.99%	12	Non-First	0.147%
Single Family	ON	$25,000	76.41%	16.00%	12	Non-First	0.053%
Single Family	ON	$185,000	63.65%	11.49%	12	Non-First	0.395%
Condominium	ON	$28,400	66.67%	14.00%	12	Non-First	0.061%
Single Family	ON	$93,000	70.97%	14.00%	12	Non-First	0.199%
Single Family	ON	$170,000	72.22%	11.99%	12	Non-First	0.363%
Single Family	ON	$129,850	70.00%	9.99%	12	First	0.277%
Single Family	ON	$160,000	77.44%	16.50%	12	Non-First	0.342%
Single Family	ON	$116,000	74.91%	16.00%	12	Non-First	0.248%
Single Family	ON	$84,450	85.00%	17.50%	12	Non-First	0.180%
Single Family	ON	$250,000	76.76%	12.75%	12	Non-First	0.534%
Single Family	ON	$121,000	57.13%	12.50%	12	Non-First	0.259%
Single Family	ON	$143,000	65.00%	14.00%	12	First	0.306%
Single Family	ON	$1,690,000	67.60%	10.99%	12	First	3.611%
Single Family	ON	$120,000	75.77%	14.50%	12	Non-First	0.256%
Single Family	ON	$80,000	75.15%	11.99%	12	Non-First	0.171%
Single Family	ON	$85,000	64.25%	12.50%	12	Non-First	0.182%
Single Family	ON	$110,000	58.14%	12.50%	12	Non-First	0.235%
Single Family	ON	$400,000	71.46%	12.99%	12	Non-First	0.855%
Single Family	ON	$125,000	78.44%	16.95%	12	Non-First	0.267%
Condominium	ON	$265,210	62.00%	15.75%	12	Non-First	0.567%
Single Family	ON	$90,000	53.88%	9.00%	12	Non-First	0.192%
Single Family	ON	$100,000	61.43%	10.50%	12	Non-First	0.214%
Single Family	ON	$55,000	69.90%	14.00%	12	Non-First	0.118%
Single Family	ON	$100,000	68.26%	13.00%	12	Non-First	0.214%

Single Family	ON	$50,000	69.13%	16.95%	12	Non-First	0.107%
Condominium	ON	$180,459	68.65%	12.25%	12	Non-First	0.386%
Single Family	ON	$214,000	64.46%	12.00%	12	Non-First	0.457%
Single Family	ON	$200,000	73.46%	11.95%	12	Non-First	0.427%
Single Family	ON	$125,300	35.00%	10.99%	12	First	0.268%
Single Family	ON	$30,000	19.12%	12.99%	12	First	0.064%
Single Family	ON	$75,000	65.60%	15.75%	12	Non-First	0.160%
Condominium	ON	$24,000	55.37%	12.95%	12	Non-First	0.051%
Commercial	ON	$1,450,000	50.86%	10.95%	12	Non-First	3.098%
Single Family	ON	$105,000	75.32%	13.75%	12	Non-First	0.224%
Single Family	ON	$210,000	50.99%	10.99%	12	Non-First	0.449%
Single Family	ON	$40,000	80.00%	12.50%	12	Non-First	0.085%
Single Family	ON	$134,000	58.70%	12.25%	12	Non-First	0.286%
Single Family	ON	$500,000	59.76%	15.75%	12	Non-First	1.068%
Single Family	ON	$330,000	78.30%	12.00%	12	Non-First	0.705%
Single Family	ON	$150,000	76.52%	12.50%	12	Non-First	0.320%
Single Family	ON	$50,000	72.50%	16.99%	12	Non-First	0.107%
Single Family	ON	$350,000	71.00%	15.99%	12	Non-First	0.748%
Single Family	ON	$45,000	50.00%	11.50%	12	Non-First	0.096%
Single Family	ON	$61,000	57.00%	16.25%	12	Non-First	0.130%
Single Family	ON	$70,000	61.00%	11.00%	12	Non-First	0.150%
Single Family	ON	$125,000	64.37%	16.50%	12	Non-First	0.267%
Single Family	ON	$49,000	67.20%	15.00%	12	Non-First	0.105%
Condominium	ON	$51,000	70.85%	16.75%	12	Non-First	0.109%
Single Family	ON	$115,000	68.35%	13.25%	12	Non-First	0.246%
Single Family	ON	$70,000	56.08%	12.00%	12	Non-First	0.150%
Condominium	ON	$55,000	74.61%	13.99%	12	Non-First	0.118%
Single Family	ON	$516,000	80.00%	9.50%	12	Non-First	1.102%
Condominium	ON	$400,000	59.32%	12.99%	12	Non-First	0.855%
Single Family	ON	$26,000	65.08%	11.50%	12	Non-First	0.056%
Single Family	ON	$200,000	62.06%	15.00%	12	Non-First	0.427%
Condominium	ON	$60,000	69.33%	13.99%	12	Non-First	0.128%
Single Family	ON	$220,000	69.09%	12.50%	12	Non-First	0.470%
Single Family	ON	$95,000	75.74%	12.99%	12	Non-First	0.203%
Single Family	ON	$577,600	80.00%	13.25%	12	First	1.234%
Condominium	ON	$100,000	23.04%	7.50%	12	First	0.214%
Single Family	ON	$135,000	75.09%	13.75%	12	Non-First	0.288%
Single Family	ON	$50,000	39.39%	10.50%	12	Non-First	0.107%
Single Family	ON	$280,000	35.00%	7.99%	12	First	0.598%
Condominium	ON	$465,000	65.13%	7.99%	12	First	0.994%
Single Family	ON	$102,500	69.87%	12.99%	12	Non-First	0.219%
Single Family	ON	$200,000	50.96%	8.65%	12	Non-First	0.427%
Single Family	ON	$510,000	72.86%	12.50%	12	Non-First	1.090%
Single Family	ON	$60,000	77.18%	14.00%	12	Non-First	0.128%
Single Family	ON	$40,000	81.28%	13.99%	12	Non-First	0.085%
Single Family	ON	$252,000	70.00%	9.99%	12	First	0.538%
Single Family	ON	$354,392	67.50%	9.99%	12	First	0.757%
Single Family	ON	$250,000	47.42%	10.50%	12	Non-First	0.534%

Single Family	ON	$700,000	59.05%	11.95%	12	Non-First	1.496%
Condominium	ON	$50,000	68.39%	12.75%	12	Non-First	0.107%
Single Family	ON	$26,000	76.43%	16.99%	12	Non-First	0.056%
Single Family	ON	$68,000	80.33%	13.99%	12	Non-First	0.145%
Condominium	ON	$59,980	61.93%	13.99%	12	Non-First	0.128%
Single Family	ON	$165,000	64.30%	11.99%	12	Non-First	0.353%
Single Family	ON	$40,000	34.30%	10.00%	12	Non-First	0.085%
Single Family	ON	$330,000	68.04%	8.50%	12	First	0.705%
Single Family	ON	$247,400	53.20%	7.50%	12	Non-First	0.529%
Single Family	ON	$370,000	71.84%	11.99%	12	First	0.791%
Single Family	ON	$68,300	80.00%	10.00%	12	Non-First	0.146%
Single Family	ON	$300,000	47.62%	8.99%	12	First	0.641%
Condominium	ON	$34,000	79.93%	14.00%	12	Non-First	0.073%
Single Family	ON	$210,000	57.07%	7.50%	12	First	0.449%
Single Family	ON	$260,000	70.31%	11.99%	12	Non-First	0.556%
Single Family	ON	$78,000	75.65%	13.00%	12	Non-First	0.167%
Single Family	ON	$200,000	68.74%	11.99%	12	Non-First	0.427%
Single Family	ON	$130,000	73.92%	16.50%	12	Non-First	0.278%
Single Family	ON	$65,000	62.25%	12.99%	12	Non-First	0.139%
Single Family	ON	$150,000	79.79%	12.50%	12	Non-First	0.320%
Single Family	ON	$107,000	63.95%	11.50%	12	Non-First	0.229%
Single Family	ON	$1,600,000	66.39%	9.99%	12	Non-First	3.419%
Single Family	ON	$150,000	76.89%	12.99%	12	Non-First	0.320%
Single Family	ON	$350,000	71.45%	12.99%	12	Non-First	0.748%
Condominium	ON	$440,000	65.09%	8.99%	12	First	0.940%
Commercial	ON	$292,500	75.00%	8.50%	12	First	0.625%
Condominium	ON	$268,000	80.00%	9.50%	12	First	0.573%
Single Family	ON	$535,000	76.98%	8.99%	12	First	1.143%
Condominium	ON	$140,000	58.33%	8.99%	12	First	0.299%
Single Family	ON	$370,000	41.11%	7.50%	12	First	0.791%
Single Family	ON	$135,000	59.24%	11.00%	12	Non-First	0.288%
Single Family	ON	$32,000	77.64%	12.00%	12	Non-First	0.068%
Condominium	ON	$200,000	50.00%	8.50%	12	First	0.427%
Single Family	ON	$40,000	74.17%	13.99%	12	Non-First	0.085%
Condominium	ON	$150,000	44.12%	10.99%	12	First	0.320%
Condominium	ON	$78,800	80.00%	14.00%	12	Non-First	0.168%
Single Family	ON	$75,000	66.35%	13.50%	12	Non-First	0.160%
Single Family	ON	$68,000	71.51%	13.00%	12	Non-First	0.145%
Single Family	ON	$150,000	33.33%	8.99%	12	First	0.320%
Single Family	ON	$180,000	78.26%	9.99%	12	First	0.385%
Single Family	ON	$950,000	77.24%	9.99%	12	First	2.030%
Single Family	ON	$167,250	77.20%	9.50%	12	First	0.357%
Single Family	ON	$84,000	75.71%	14.00%	12	Non-First	0.179%
Single Family	ON	$65,000	55.45%	11.00%	12	Non-First	0.139%
Single Family	ON	$240,000	59.68%	14.25%	12	Non-First	0.513%
Condominium	ON	$30,000	67.89%	13.60%	12	Non-First	0.064%
Single Family	ON	$112,500	80.00%	13.00%	12	Non-First	0.240%
Single Family	ON	$584,000	80.00%	9.99%	12	First	1.248%

Condominium	ON	$60,000	64.29%	11.99%	12	Non-First	0.128%
Single Family	ON	$50,000	76.65%	13.00%	12	Non-First	0.107%
Single Family	ON	$600,000	73.62%	9.99%	12	First	1.282%
Single Family	ON	$488,000	80.00%	8.99%	12	First	1.043%
Single Family	ON	$162,000	41.89%	11.49%	12	Non-First	0.346%
Single Family	ON	$368,000	70.00%	8.99%	12	Non-First	0.786%
Single Family	ON	$420,000	74.30%	8.99%	12	First	0.897%
Single Family	ON	$320,000	64.70%	11.50%	12	First	0.684%
Single Family	ON	$560,000	68.30%	9.99%	12	First	1.196%
Single Family	ON	$115,000	57.27%	11.00%	12	Non-First	0.246%
Single Family	ON	$160,000	76.78%	10.99%	12	First	0.342%
Single Family	ON	$260,000	50.49%	15.00%	12	First	0.556%
Single Family	ON	$220,000	69.31%	12.00%	12	Non-First	0.470%
Single Family	ON	$100,000	71.05%	12.95%	12	Non-First	0.214%
Single Family	ON	$100,000	76.37%	11.00%	12	Non-First	0.214%
Single Family	ON	$348,000	80.00%	9.50%	12	First	0.744%
Condominium	ON	$328,000	50.46%	8.99%	12	First	0.701%
Condominium	ON	$102,000	77.00%	14.00%	12	Non-First	0.218%
Condominium	ON	$308,800	79.80%	10.49%	12	First	0.660%
Single Family	ON	$110,000	69.70%	13.50%	12	Non-First	0.235%
Single Family	ON	$50,000	55.28%	14.00%	12	Non-First	0.107%
Single Family	ON	$139,000	80.00%	14.00%	12	Non-First	0.297%
Single Family	ON	$127,600	79.75%	13.50%	12	Non-First	0.273%
Single Family	ON	$244,000	65.95%	10.99%	12	First	0.521%
Single Family	ON	$140,000	79.44%	13.99%	12	Non-First	0.299%
Single Family	ON	$63,000	80.00%	14.00%	12	Non-First	0.135%
Single Family	ON	$200,000	79.05%	13.50%	12	First	0.427%
Single Family	ON	$150,000	60.37%	11.50%	12	Non-First	0.320%
Condominium	ON	$325,200	79.32%	8.99%	12	First	0.695%
Single Family	ON	$77,000	80.02%	13.75%	12	Non-First	0.165%
Single Family	ON	$170,000	80.00%	14.00%	12	Non-First	0.363%
Single Family	ON	$85,000	71.95%	12.99%	12	Non-First	0.182%
Single Family	ON	$62,000	74.07%	13.99%	12	Non-First	0.132%
Single Family	ON	$100,000	13.33%	7.95%	12	Non-First	0.214%
Condominium	ON	$22,250	65.00%	12.75%	12	Non-First	0.048%
Single Family	ON	$180,000	76.44%	12.75%	12	Non-First	0.385%
Single Family	ON	$110,000	58.05%	11.95%	12	Non-First	0.235%
Condominium	ON	$100,000	75.85%	12.99%	12	Non-First	0.214%
Single Family	ON	$278,100	77.00%	13.00%	12	Non-First	0.594%
Single Family	ON	$130,000	73.30%	12.95%	12	Non-First	0.278%
Condominium	ON	$57,000	80.00%	13.50%	12	Non-First	0.122%
Single Family	ON	$240,000	78.69%	10.99%	12	First	0.513%
Single Family	ON	$130,000	64.60%	19.00%	12	Non-First	0.278%
Commercial	ON	$42,500	70.82%	12.50%	12	Non-First	0.091%
Single Family	ON	$128,750	72.50%	13.99%	12	Non-First	0.275%
Single Family	ON	$140,000	79.30%	12.50%	12	Non-First	0.299%
Single Family	ON	$248,750	65.00%	8.50%	12	First	0.531%
Single Family	ON	$100,000	29.46%	9.99%	12	Non-First	0.214%

Single Family	ON	$100,000	67.22%	12.00%	12	Non-First	0.214%
Single Family	ON	$410,000	65.60%	9.50%	12	First	0.876%
Single Family	ON	$200,000	76.31%	12.00%	12	Non-First	0.427%
Single Family	ON	$70,000	75.08%	12.50%	12	Non-First	0.150%
Condominium	ON	$208,500	45.33%	9.00%	12	First	0.445%
Single Family	ON	$445,000	61.81%	7.99%	12	First	0.951%
Condominium	ON	$390,000	75.00%	8.99%	12	First	0.833%
Condominium	ON	$297,360	63.27%	9.50%	12	First	0.635%
Single Family	ON	$70,000	64.38%	11.50%	12	Non-First	0.150%
Condominium	ON	$236,000	60.51%	8.99%	12	First	0.504%
Condominium	ON	$100,000	67.13%	13.00%	12	Non-First	0.214%
Single Family	ON	$50,000	61.71%	11.50%	12	Non-First	0.107%
Single Family	ON	$200,000	79.01%	11.99%	12	Non-First	0.427%
Commercial	ON	$150,000	43.66%	14.50%	12	Non-First	0.320%
Single Family	ON	$152,000	54.26%	12.99%	12	Non-First	0.325%
Single Family	ON	$200,000	36.70%	8.50%	12	First	0.427%
Single Family	ON	$90,000	69.95%	15.00%	12	Non-First	0.192%
Single Family	ON	$160,000	78.82%	12.50%	12	Non-First	0.342%
Single Family	ON	$140,000	76.10%	13.00%	12	Non-First	0.299%
Single Family	ON	$120,000	71.25%	13.00%	12	Non-First	0.256%
Single Family	ON	$418,000	78.87%	9.99%	12	First	0.893%
Condominium	ON	$115,000	73.40%	8.99%	12	Non-First	0.246%
Single Family	ON	$600,000	73.17%	9.50%	12	First	1.282%
Commercial	AB	$100,000	74.00%	8.00%	36	Non-First	0.214%
Commercial	AB	$150,000	49.00%	8.00%	48	Non-First	0.320%
Commercial	AB	$150,000	84.00%	8.00%	24	Non-First	0.320%
Commercial	AB	$50,000	67.00%	8.00%	48	Non-First	0.107%
Commercial	ON	$50,000	46.00%	8.00%	48	First	0.107%
Commercial	AB	$91,600	80.00%	8.00%	24	Non-First	0.196%
Total		$46,804,089					100.000%
Average			67.11%	11.50%			

Notes:

1. Management of the Corporation regularly reviews the portfolio's loan performance to determine if any loan loss allowance is required. As at December 31, 2018, there were 5 loans that were delinquent and appropriate collection actions have been initiated. A loan loss provision of $600,000 has been set aside for these investments.
2. Loan-to-value is the combined first and second mortgages divided by the market value as determined by the current market appraisal report prepared by an accredited professional appraiser at the time loans are funded.

Mortgage Portfolio Breakdown as at December 31, 2018:

Property Type	Loan Amount	Count	% of Portfolio
Commercial	$2,526,600	10	5.40%
Condominium	$6,008,960	38	12.84%
Single Family	$38,268,530	211	81.76%
Grand Total	**$46,804,089**	**259**	**100.00%**

Provinces	Loan Amount	Count	% of Portfolio
AB	$541,600	5	1.16%
BC	$992,000	3	2.12%
MB	$1,323,090	25	2.83%
ON	$43,947,399	226	93.90%
Grand Total	**$46,804,089**	**259**	**100.00%**

Positions	Loan Amount	Count	% of Portfolio
First	$18,838,123	55	40.25%
Non-First	$27,965,966	204	59.75%
Grand Total	**$46,804,089**	**259**	**100.00%**

2.4 Long-Term Objectives

The Corporation's long term objective is to provide its shareholders with sustainable income while preserving capital for distribution or re-investment. The Corporation seeks to achieve this principal investment objective by investing in mortgages using the funds raised pursuant to this Offering and other debt provided by Canadian chartered banks or alternative lenders. The Corporation shall invest in mortgages which shall be secured by the respective mortgagor's equity in real property in accordance with the policies and guidelines set out above under Item 2.2. 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 fees paid to the Mortgage Broker as disclosed herein and interest and fees payable with respect to the other debt facilities employed to fund a portion of the Corporation's mortgage assets.

2.5 Short Term Objectives

The Offering Memorandum form requires the following table to be completed with respect to the Corporation's objectives over the next twelve (12) months.

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 in accordance with the policies and guidelines set out herein	Ongoing throughout the next 12 months	The costs of this Offering which are estimated to be $30,000

2.6 Insufficient Proceeds

There is no assurance that (i) any of the Offering will be sold, (ii) the proceeds of the Offering, if any, will be sufficient to accomplish our proposed objectives, or (iii) alternative financing will be available. If none of the Offering is sold, we will continue to use our existing capital and cash flows to carry on our current business.

2.7 Material Agreement – Mortgage Broker Management Agreement

The Mortgage Broker has agreed to service the Corporation's mortgage portfolio, including sourcing, negotiating, and underwriting mortgages. The Corporation does not actively employ resources to actively seek or originate mortgages for investment, but instead relies on the expertise of the Mortgage Broker for a regular flow of investment opportunities. In providing mortgage investment services, the Mortgage Broker shall adhere to the Corporation’s investment strategies, operating restrictions, operating policies and investment policies as set forth herein. See item 2.2, Our Business.

The following summarizes the terms of the Mortgage Broker Management Agreement.

The Mortgage Broker Management Agreement provides the right for the Mortgage Broker, or its principals or affiliates, to purchase with their own funds and own as co-lenders, percentage interests in mortgage loans. The Mortgage Broker may also sell undivided percentage interests in mortgage loans to other co-lenders.

The Mortgage Broker pays all of its costs, expenses and overhead relating to the provisions of its services. The Mortgage Broker Management Agreement also provides that the Mortgage Broker may, from time to time, charge brokers’ fees, lenders' fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers with respect to any mortgage loan, all of which fees are the sole property of the Mortgage Broker. As compensation for the services provided by the Mortgage Broker to the Corporation under the Mortgage Broker Management Agreement, the Mortgage Broker will receive a monthly fee equal to 1/12th of 1.5% of the book value of the total mortgage investments under administration of the Corporation.

The Mortgage Broker Management 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 Mortgage Broker;

(b) the Mortgage Broker 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 Mortgage Broker assigns the Mortgage Broker Management Agreement or its rights or obligations thereunder to any person who is not an affiliate of the Mortgage Broker without the prior written consent of the Board of Directors;

(d) the Mortgage Broker commits a breach or default under the Mortgage Broker Management Agreement not related to the payment of any money to be paid by the Mortgage Broker to the Corporation and the same is not cured within 45 days of the Mortgage Broker receiving notice thereof; or

(e) the Mortgage Broker commits a breach or default under the Mortgage Broker Management Agreement related to the payment of any money to be paid by the Mortgage Broker to the Corporation and the same is not cured within 15 days of the Mortgage Broker receiving notice thereof; or

(f) upon the Corporation providing 30 days written notice to the Mortgage Broker, in the event of the persistent failure of the Mortgage Broker to perform it duties and discharge its obligations under the Mortgage Broker Management Agreement, or the continuing malfeasance or misfeasance of the Mortgage Broker in the performance of its duties thereunder.

(g) The Mortgage Broker may terminate the Mortgage Broker Management Agreement in the event that:

(h) a bankruptcy, receivership or liquidation order is issued against the Corporation;

(i) 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

(j) the Mortgage Broker gives the Corporation 120 days' prior written notice of intention to resign and to terminate the Mortgage Broker Management Agreement.

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

The Mortgage Broker must render its services under the Mortgage Broker Management 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 Mortgage Broker agrees that funds of the Mortgage Broker will not be commingled with any funds of the Corporation.

The liability of the Corporation pursuant to the Mortgage Broker Management Agreement has been limited such that the Mortgage Broker 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 Mortgage Broker Management Agreement, or for any material breach or default of the obligations of the Mortgage Broker thereunder, neither the Mortgage Broker, 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 therefor 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 Mortgage Broker Management Agreement, the Corporation has agreed that it shall indemnify and reimburse the Mortgage Broker, as well as its directors, officers, employees, consultants or agents, against all liabilities and expenses reasonably incurred in connection with the Mortgage Broker'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 beach or default of the Mortgage Broker Management Agreement. The Mortgage Broker 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 Mortgage Broker's willful misconduct, bad faith, gross negligence or disregards of its duties or standard of care, diligence and skill or a material breach of default under the Mortgage Broker Management Agreement. This indemnity survives the removal or resignation of the Mortgage Broker in connection with any and all of its duties and obligations under the Mortgage Broker Management Agreement and shall survive the termination of such agreement.

DIRECTORS, MANAGEMENT, PROMOTERS, AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information as at the date of this offering memorandum 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 (a **"Principal Holder"**).

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Corporation in the most recently completed financial year[1]	Number, type and percentage of securities of the Corporation held after completion of minimum offering	Number, type and percentage of securities of the Corporation held after completion of maximum offering
Henry W.H. Tse, North York, Ont	Director, Chief Executive Officer and Chief Financial Officer Principal Share Holder	Nil	25 Common Shares (20% of all outstanding Common Shares) 94,094 Preferred Shares (1.911% of all outstanding Preferred Shares)	25 Common Shares (20% of all outstanding Common Shares) 94,094 Preferred Shares (0.982% of all outstanding Preferred Shares)
Ronald K. S. Lee, North York, Ont	Director, President and Chief Operating Officer Principal Share Holder	Nil	25 Common Shares (20% of all outstanding Common Shares) 58,576 Preferred Shares (1.195% of all outstanding Preferred Shares)	25 Common Shares (20% of all outstanding Common Shares) 58,576 Preferred Shares (0.615% of all outstanding Preferred Shares)
Eric C. T. Koo, Vancouver, B.C.	Principal Share Holder	Nil	25 Common Shares (20% of all outstanding Common Shares) 6,205 Preferred Shares (0.126% of all outstanding Preferred Shares)	25 Common Shares (20% of all outstanding Common Shares) 6,205 Preferred Shares (0.065% of all outstanding Preferred Shares)
Benny Wan Irvine, CA	Principal Share Holder	Nil	25 Common Shares (20% of all outstanding Common Shares)	25 Common Shares (20% of all outstanding Common Shares)
Wai-Kwong Kwok, Toronto, Ont	Principal Share Holder	Nil	25 Common Shares (20% of all outstanding Common Shares) 383,764 Preferred Shares (7.792% of all outstanding Preferred Shares)	25 Common Shares (20% of all outstanding Common Shares) 383,764 Preferred Shares (4.007% of all outstanding Preferred Shares)
Peter Wong Mississauga, Ont	Director	Nil	Nil	Nil
Elaine Mak Markham, Ont	Director	Nil	Nil	Nil

Notes:

1. Total management fees paid to the Mortgage Broker pursuant to the Mortgage Broker Management Agreement are set out below. See Item 2.2 – Our Business -- Management Fees and Expenses.

Management Fee	Amount
Fiscal year 2014	$210,275
Fiscal year 2015	$377,118
Fiscal year 2016	$539,888
Fiscal year 2017	$631,691
Fiscal year 2018	$648,921

3.2 Management Experience

Name	Principal Occupation and Related Experience
Henry W. H. Tse CPA CA, MBA, CFP, AMP, CLU	**Director, Chief Executive Officer, Chief Financial Officer.** Henry obtained an MBA degree (1989) from McMaster University. He articled with Ernst and Young Chartered Accountant and earned his CA designation in 1990. He was promoted to an audit manager before he left Ernst and Young and started his own public accounting practice where he has gained extensive experience in helping companies to go public and was the CFO of three publicly traded companies in Toronto Venture Exchange. Henry sold his practice in 2000 and started iBrokerPower Group of Companies. He has over 15 years of experience in private mortgages brokerage and he is the CEO and co-founder of Ginkgo Mortgage Investment Corporation with approximately $50 million of assets under administration. Henry is also a licensed real estate sales representative, mortgage broker and insurance broker.
Ronald K. S. Lee MBA AMP	**Director, President, Chief Operating Officer.** Ronald graduated from the University of Hong Kong with a Bachelor in Engineering. In 1997, he completed his MBA degree at the York University's Schulich School of Business and obtained an Accredited Mortgage Professional designation in 2008. Ronald is the co-founder and President of iBrokerPower Capital Inc. Throughout his career, Ronald has achieved numerous awards from various financial institutions and is currently a member of the President Club of the Mortgage Centre. He currently leads a team of over 40 mortgage brokers providing both residential and commercial mortgage services in Toronto and Vancouver. Ronald is also the co-founder of Ginkgo Mortgage Investment Corporation with approximately $50 million of assets under administration. He is a veteran financial speaker and instructor and has hosted several investment talk shows on both TV and radio.
Peter Wong P.Eng., MBA, MSC	**Director,** Peter has a Bachelor of Applied Science in Engineering from the University of Toronto and a Master of Science in Global Supply Chain Management and a Master of Business Administration, both from the Kelley School of Business at Indiana University. Peter is currently serving as the Vice President of Operations at Technical Standards and Safety Authority (TSSA), an Ontario Government Regulator delivering public safety services. His responsibilities include providing strategic direction and ensuring operational effectiveness in TSSA's seven program areas. In addition, Peter also oversees the organization's licensing, registration and industry compliance. Prior to joining TSSA in June 2013, Peter held senior management positions at Chubb and Verex, subsidiaries of United Technologies, a large publicly traded conglomerate company. He had more than 25 years of hands on management experience.

Elaine Mak B.A.	**Director,** Elaine graduated with a Bachelor of Economics from McMaster University in 2007. She has completed the Exempt Market Dealer education requirement and has worked with various financial institutions to manage investors' wealth and risk profile. Elaine is currently a licensed mortgage broker with Financial Services Commission of Ontario and also a licensed insurance agent in Ontario. With over 10 years of experience in the mortgage and personal finance industry, her knowledge in multiple financial disciplines has helped hundreds of her clients achieved financial success.

In addition to the outside experience and qualifications that each director brings, the Corporation engages in continuing education for its directors. In addition, the Board receives continuing education on corporate governance and policy.

3.3 Penalties, Sanctions and Bankruptcy

a) There are no penalties or sanctions that have been in effect during the last ten (10) years against (i) a director, senior officer or control person of the Corporation, or (ii) an issuer in which a person or company referred to in (i) was a director, senior officer or control person at the time.

b) There are no declarations of or 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, that have been in effect during the last ten (10) years against a director, senior officer or control person of a director, senior officer or control person at the time.

ITEM 1: CAPITAL STRUCTURE

4.1 Share Capital

The following table sets out information about the Corporation's outstanding securities, including options, warrants and other securities convertible into shares.

Description of Security	**Number authorized to be issued**	**Number outstanding as at the date of this offering Memorandum**	**Number outstanding after minimum offering**	**Number outstanding after maximum offering**
Common Shares	Unlimited	125	125	125
Preferred Shares	Unlimited	4,880,811	4,924,811	9,577,811

4.2 Offering of 5.00% Class A Secured Bonds and 6.00% Class B Secured Bonds

As of February 8, 2016, the Corporation commenced an offering of 5.00% Class A Secured Bonds (the "Class A Bonds") and 6.00% Class B Secured Bonds (the "Class B Bonds") (collectively, the "Bonds") under the offering memorandum of the Corporation dated February 28, 2016, as amended from time to time. Closings of the Bonds will occur on a continuous, monthly basis as subscriptions are received and accepted subscriptions will be effective on the last day of each month and settled within three business days. The initial closing of Bonds is scheduled for February 28, 2016 or such earlier or later date as may be determined by the Corporation and subsequent closings of Bonds shall occur on the last business day of each calendar month. The Class A Bonds and Class B Bonds shall be issuable as being Bonds of a series, with each monthly closing designating a new series of Bonds. The Class A Bonds issuable at the initial closing shall be designated Class A Bonds, Series 1 and the Class B Bonds issuable at the initial closing shall be designated as Class B Bonds, Series 1. The Class A Bonds and Class B Bonds issuable at the subsequent closing shall be designated as Class A Bonds, Series 2 and Class B Bonds, Series 2, respectively, and so on. Each series of a class of Bonds shall be equal in all respects to the other series of that class of Bonds other than in respect of the Bond's term and maturity date. On request, the Corporation will make available to prospective investors a copy of the Corporation's offering memorandum relating to the Bonds.

In the event the Corporation is successful in raising funds pursuant to the abovementioned offering of Bonds, the Corporation will have outstanding debt as follows:

<table>
<tr><th>Description of long term debt</th><th>Repayment terms</th><th>Amount outstanding assuming completion of Minimum Offering(1)</th><th>Amount outstanding assuming completion of Maximum Offering(2)</th></tr>
<tr><td>5.00% Class A Secured Bonds</td><td>Class A Bonds shall mature on the first year anniversary date of the issuance thereof. The Corporation shall redeem the Class A Bonds on such maturity date through the payment of all accrued but unpaid interest and the principal amount of the Class A Bonds.</td><td rowspan="2">$500,000</td><td rowspan="2">$15,000,000</td></tr>
<tr><td>6.00% Class B Secured Bonds</td><td>Class B Bonds shall mature on the second year anniversary date of the issuance thereof. The Corporation shall redeem the Class B Bonds on such maturity date through the payment of all accrued but unpaid interest and the principal amount of the Class B Bonds.</td></tr>
</table>

Notes:

1. The minimum offering size of the Class A Bonds and/or Class B Bonds is $500,000 principal amount of Bonds.
2. The Corporation is authorized to issue up to a maximum of $15,000,000 principal amount of Class A Bonds and/or Class B Bonds."

The following table sets out information about the Corporation's outstanding bonds as of December 31, 2018.

Type	Total investment	Count
Bond Class A	$177,500	6
Bond Class B	$2,467,500	37
Grand Total	**$2,585,000**	**43**

4.3 Prior Sales

On July 29, 2011, the Corporation issued 25 common shares at a price of $1.00 per share to each of Henry Tse, Ronald Lee, Eric Koo and Benny Wan.

On October 31, 2014, the Corporation issued 25 common shares at a price of $1.00 per share to Wai-Kwong Kwok.

Within the last 12 months period, Preferred Shares of the Corporation have been issued as follows:

Month of Transaction	Subscriptions		Dividend Reinvestment	
	$	Preferred Shares	$	Preferred Shares
Nov-17	470,000	47,000	131,455	13,146
Dec-17	10,535	1,054	131,911	13,191
Jan-18	716,533	71,653	132,780	13,278
Feb-18	684,500	68,450	138,621	13,862
Mar-18	551,917	55,192	142,289	14,229
Apr-18	11,000	1,100	144,821	14,482
May-18	213,000	21,300	146,584	14,658
Jun-18	626,441	62,644	147,584	14,758
Jul-18	598,492	59,849	148,955	14,896
Aug-18	366,936	36,694	152,324	15,232
Sep-18	271,502	27,150	154,475	15,448
Oct-18	659,700	65,970	155,037	15,504
Nov-18	1,061,000	106,100	152,267	15,227
Dec-18	1,203,001	120,300	151,716	15,172

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

Class "A" Participating Preference Shares, Series 1

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

Voting

The holders of Class "A" Participating Preference Shares shall not be entitled to receive notice of, attend nor vote at any meeting of the shareholders of the Corporation provided however that in accordance with the *Business Corporations Act* (Ontario), holders of Class "A" Participating Preference Shares shall be entitled to vote separately as a class upon a proposal to amend the articles to (i) add to, remove or change the rights, privileges, restrictions or conditions attached to the Class "A" Participating Preference Shares or any series of Class "A" Participating Preference Shares; (ii) add to the rights or privileges of any class or series of shares having rights or privileges equal to or superior to the Class "A" Participating Preference Shares or series of Class "A" Participating Preference Shares; (iii) make any class or series of shares having rights or privileges inferior to the Class "A" Participating Preference Shares or any series of

Class “A” Participating Preference Shares equal or superior to the Class “A” Participating Preference Shares or any series of Class “A” Participating Preference Shares; (iv) effect an exchange or create a right of exchange of the shares of another class or series into Class “A” Participating Preference Shares or any series of Class “A” Participating Preference Shares; or (v) add, remove or change restrictions on the issue, transfer or ownership of the Class “A” Participating Preference Shares or any series of Class “A” Participating Preference Shares.

Issuable in Series

Subject to the *Business Corporations Act* (Ontario), the Class “A” Participating Preference 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 Class “A” Participating Preference 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 Class “A” Participating Preference Shares of each series shall rank on a parity with the said Class “A” Participating Preference 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.

Dividend Rights

Subject to the *Business Corporations Act* (Ontario), the directors may from time to time declare and authorize the payment of dividends to the holders of Class “A” Participating Preference Shares, in such amounts, in such manner, on such payment and other terms and subject to such conditions as they determine in their sole discretion; however, notwithstanding the foregoing, the Class “A” Participating Preference Shares are entitled to rank in priority to all other classes of preference shares, in respect of the declaration and payment of dividends.

Subject to such working capital or reserve requirements as the directors of the Corporation determine is necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Corporation and for the conduct, promotion and protection of the business and activities of the Corporation, its assets and shareholders, for income tax purposes, the Corporation currently intends to distribute as dividends substantially all of its net income. See “Item 6, Income Tax Consequences”.

Liquidation

In the event of the liquidation, dissolution or winding up of the Corporation, or in the event of a reduction or redemption of the Corporation's capital stock or other distribution of property or assets of the Corporation among the shareholders for the purposes of winding up the Corporation's affairs, the holders of the Class “A” Participating Preference Shares shall, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Corporation, rank on parity with the holders of Class “A” Participating Preference Shares of all series and shall have the right to receive in priority to the holders of Common Shares and any other classes of preference shares (pro rata according to the number of Class “A” Participating Preference Shares of any series held) an amount per share equal to the lesser of $10.00 and the Net Asset Value (defined below) of the Class “A” Participating Preference Shares held by them at the time of liquidation, dissolution or winding-up of the Corporation. After such amounts have been distributed to the holders of Class “A” Participating Preference Shares of each series in accordance with the rights, privileges, restrictions and conditions attaching thereto, holders of the common shares shall then be entitled to receiving any remaining amount available for distribution in accordance with the rights, privileges, restrictions and conditions attaching to the common shares.

The “Net Asset Value” of a share of any class or series of shares of the Corporation at any particular time is calculated as each classes’ or series’ proportionate share of all investments and other assets of the Corporation less its proportionate share of all common corporate liabilities and the liabilities attributable to each class or series divided by the total number of shares of the class or series outstanding at that time.

Class “A” Participating Preference Shares, Series 1 (“Preferred Shares” or “Series 1 Shares”)

On October 17, 2011, the Board of Directors authorized the filing of articles of amendment creating and designating the first series of Class “A” Participating Preference Shares consisting of an unlimited number of such shares. In addition to the designation, rights, privileges, restrictions and conditions attaching to the Class "A" Participating Preference Shares, as a class, the Series 1 Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

Redemption Rights

Subject to all applicable laws and any applicable provisions of the articles, the Corporation may redeem at any time and from time to time in its sole discretion, by giving written notice (the "Redemption Notice") to the holder thereof, any of the Series 1 Shares on payment in cash or property for each share of an amount equal to the paid-up capital of said shares plus any dividend then declared but not yet paid on such shares (the "Redemption Price").

A Redemption Notice shall at a minimum specify the intent to redeem, the date on which the redemption is to take place (the "Redemption Date"), which date shall be not less than 30 days from the date of the Redemption Notice, if only part of any series of Series 1 Shares held by the person to whom such Redemption Notice is addressed are to be redeemed, the number of shares to be redeemed, that the original certificate(s) representing the Series 1 Shares to be redeemed is to be surrendered to the Corporation prior to the Redemption Date and the identity and location of the person to whom the certificate(s) representing the Series 1 Shares to be redeemed is to be sent or delivered for surrender.

If only part of the Series 1 Shares represented by any certificate are redeemed, then the Board of Directors may decide the manner in which the Series 1 Shares to be redeemed shall be selected and a new certificate for the balance shall be issued at the expense of the Corporation.

From and after the Redemption Date, the holder of the Series 1 Shares to be redeemed as aforesaid, shall thereafter cease to have any rights with respect to the Class "A" Participating Shares to be redeemed other than the right to receive the Redemption Price therefor (as defined above).

On the Redemption Date, provided that the original certificates representing the Series 1 Shares called for redemption have been surrendered to the Corporation as specified in the Redemption Notice, or after the Redemption Date upon surrender to the Corporation of the original certificates representing the Series 1 Shares called for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Series 1 Shares to be redeemed the Redemption Price, and such Series 1 Shares shall thereupon be redeemed.

The Redemption Price payable in respect of the Series 1 Shares called for redemption shall be paid by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of, the registered holder of the shares called for redemption or payable or deposited as otherwise instructed in writing by such registered holder. Payments of the Redemption Price made by the Corporation are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonoured upon presentment. Upon such payment as set out above, the Corporation and its directors, officers and employees shall be discharged from all liability to the former registered holder in respect of the shares so redeemed.

All Series 1 Shares redeemed by the Corporation shall be cancelled and such Series 1 Shares shall no longer be outstanding and shall not be re-issued.

Retraction Rights

There is no retraction allowed in the first 6 months following the subscription date.

After the first 6 months, subject to all applicable laws and any applicable provisions of the articles, the registered holder of a Series 1 Share (a "Retractable Share") may, by giving written notice to the Corporation (the "Retraction Notice"), accompanied by the certificate(s) for the Retractable Shares, require that the Corporation retract the whole or any part of the Retractable Shares held by such holder. Upon receipt by the Corporation of the Retraction Notice, the holder of Retractable Shares shall thereafter cease to have any rights with respect to the Retractable Shares tendered for retraction (other than the right to receive the Retraction Payment (as defined below) therefor). Series 1 Shares shall be considered to be tendered for retraction on the date that the Corporation has, to the satisfaction of the directors, received the Retraction Notice (the "Notice Date").

On the first business day of each calendar month which is at least 180 days following the Notice Date or such earlier date as determined by the directors in their sole discretion (the "Retraction Date"), the Corporation will retract the Retractable Shares specified in the Retraction Notice, provided however that the Board of Directors may, at any time and in their sole discretion, including after the Corporation has received a Retraction Notice from a holder of Series 1 Shares, suspend the foregoing right of retraction if in its reasonable opinion, the payments to be made by the Corporation on the exercise by the holders of Class "A" Participating Shares of their retraction rights would be materially prejudicial to the interests of the Corporation as a whole.

Subject to the reduction provisions set out below, the Retraction Payment for each Retractable Share to be retracted will be the lesser of (i) $10.00 and; the (ii) Net Asset Value ("NAV") of the Retractable Share calculated as at the end of business on the business day immediately preceding the Retraction Date, plus the pro rata share of any dividend distributions declared on such Retractable Share which have accrued up to and including the Retraction Date, to the extent same are not otherwise included in the calculation of NAV of such Retractable Share and remain unpaid (the "Retraction Payment").

The Retraction Payment for Retractable Shares tendered for retraction will be reduced:

(i) by 3% of the original purchase price of such Retractable Shares if less than 12 months has elapsed between the issue date of the Retractable Shares and the Notice Date;

(ii) by 2% of the original purchase price of such Retractable Shares if at least 12 months but less than 24 months has elapsed between the issue date of the Retractable Shares and the Notice Date; and

(iii) by 1% of the original purchase price of such Retractable Shares if at least 24 months but less than 36 months has elapsed between the issue date of the Retractable Shares and the Notice Date.

The Board of Directors may, in its sole discretion, waive the reduction of any Retraction Payment for any particular retraction request.

The Corporation shall not retract Series 1 Shares for which a Retraction Notice is received, if retraction of the Series 1 Shares subject to the Retraction Notice is greater than 5% of the following:

A. the NAV of all the shares of the Corporation as at the immediately preceding Retraction Date, less (B) Retraction Payments paid or payable for the immediately preceding Retraction Date, less (C) dividends paid or payable for the month immediately preceding the Retraction Date (the "Ceiling"). Notwithstanding the foregoing, in such circumstances where the Ceiling on retractions applies, the Corporation shall, subject to all applicable law and any applicable provisions of these Articles, permit retraction of Series 1 Shares up to an amount not exceeding the Ceiling on a pro rata basis.

If following the delivery by a holder of a Retraction Notice, the Corporation is unable to purchase any of the Retractable Shares as a result of the Ceiling, the suspension of the right to retract, the provisions of the Business Corporations Act (Ontario) or the Corporation ceasing to qualify as a "Mortgage Investment Corporation" if such Retraction Notice is acted upon, such holder of Retractable Shares implementing his, her or its right to retract may withdraw the Retraction Notice, in which case his, her or its rights as a holder of Series 1 Shares shall remain unaffected, or, if not withdrawn, the Corporation shall purchase such Retractable Shares subject to the Retraction Notice as soon as the Ceiling no longer applies, the suspension notice (if any) is withdrawn, it is legally able to do so and/or it is able to do so without impairing the Corporation's status, if relevant, as a "Mortgage Investment Corporation". Until such time as all the Retractable Shares subject to the Retraction Notice have been purchased, the holder thereof may withdraw the Retraction Notice in respect of those shares which have not yet been purchased.

The amount payable in respect of Series 1 Shares retracted hereunder shall be paid within three business days of the Retraction Date (other than any portion of the amount representing dividends declared and payable for the month immediately preceding the Retraction Date, which shall be paid within 30 days of the Retraction Date) by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of, the registered holder of such shares or payable or deposited as otherwise instructed in writing by such registered holder. Payments made by the Corporation hereunder are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonoured upon presentment. Upon such payment as set out above, the Corporation and its directors, officers and employees shall be discharged from all liability to the former registered holder in respect of the shares so retracted.

Within the last six fiscal years, securities of the Corporation have been retracted by holders of the Preferred Shares as follows:

	Redemption Requests							
Financial Period	**Opening Outstanding Requests**		**Received ($) during Financial Period**		**Paid Out ($) during same Financial Period**		**Ending Outstanding Requests**	
2013	0	$0	5	$210,000	5	$210,000	**0**	$0
2014	0	$0	38	$2,743,244	38	$2,743,244	**0**	$0
2015	0	$0	47	$3,426,755	47	$3,426,755	**0**	$0
2016	0	$0	46	$3,590,960	46	$3,590,960	**0**	$0
2017	0	$0	92	$7,179,820	92	$7,179,820	**0**	$0
2018	0	$0	80	$4,6437,620	80	$4,6437,620	**0**	$0
Sep-18	0	$0	8	$470,781	8	$470,781	**0**	$0
Oct-18	0	$0	9	$276,865	9	$276,865	**0**	$0

Nov-18	0	$0	10	$1,310,500	10	$1,310,500	**0**	$0
Dec-18	0	$0	5	$250,277	5	$250,277	**0**	$0

To date, the Corporation has honoured all retraction requests in full at a price equal to the subscription price therefor. The Corporation has not suspended, deferred or rejected any retraction requests since inception. All retraction requests have been paid, and will be paid, using cash on hand. The Corporation expects retractions to continue approximately as they have for the last two financial years and do not expect that such retractions will cause any adverse effect on its operations or the payment of dividends.

Dividends

Subject to all applicable laws and any applicable provisions of the articles, the holders of Series 1 Shares shall be entitled to receive non-cumulative dividends, out of the assets of the Corporation properly applicable to the payment of dividends, in such amounts and payable at such times and at such place or places in Canada as the Board of Directors may from time to time determine, and, subject as aforesaid, the Board of Directors may in its sole discretion declare dividends on the Series 1 Shares to the exclusion of any other class or classes of shares of the Corporation.

Dividend Policy

Subject to such working capital or reserve requirements as the directors of the Corporation determine is necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Corporation and for the conduct, promotion and protection of the business and activities of the Corporation, its assets and shareholders, for income tax purposes, the Corporation currently intends to distribute as dividends substantially all of its net income systematically to holders of Preferred Shares. See “Item 6, Income Tax Consequences”.

It is the intention of the Board of Directors that all holders of Preferred Shares of record as at the last calendar day of each month (the “Record Date”) shall be entitled to receive dividends in the form of a share dividend. All such declared dividends will be credited to the account of each holder of Preferred Shares by crediting such holder’s account with additional Preferred Shares or fractions thereof in proportion to the holder’s respective shareholdings as at the Record Date. At the option of the holder, some or all of the holder’s dividends shall be payable in the form of a cash dividend rather than a share dividend or as a blended payment of both a cash dividend and a share dividend, and shall be paid in the elected form as soon as possible after the Record Date and in any event within 15 days. In order to ensure continued qualification as a MIC under the Income Tax Act, the Corporation, in its sole discretion, may elect to pay dividends in cash as opposed to payment by way of share dividend. Notwithstanding the foregoing, payments of dividends on the Record Date representing the last day of each fiscal year shall be paid within 90 days of the fiscal year end.

It is the Corporation's intention that it will declare dividends monthly on the last day of each month and pay such dividends on the 15th day of the month after the dividend was declared. A final dividend may be paid for each fiscal year for the balance of its distributable earnings within 90 days of the fiscal year end.

Period	Gross Distribution ($)	Reinvestment Amount ($)	Disbursement Amount ($)
Fiscal year 2014	1,478,277	628,400	846,418
Fiscal year 2015	2,630,038	1,019,319	1,610,719
Fiscal year 2016	3,212,787	1,207,797	2,004,990

Fiscal year 2017	3,618,790	1,499,151	2,119,639
Fiscal year 2018	3,715,170	1,683,010	2.032.160
Sep-18	316,883	154,475	162,408
Oct-18	316,495	155,037	161,458
Nov-18	314,558	152,267	162,291
Dec-18	314,401	151,716	162,685

The Corporation has declared and paid dividends monthly since inception and intends to continue to declare and pay dividends monthly. The Corporation will from time to time determine target yields with respect to the Preferred Shares. Amounts for dividend distributions are not paid from the proceeds of the Offering. Since the Corporation is operational and profitable, these amounts have been, and are expected to continue to be, paid out of current mortgage portfolio income and working capital.

As at the date of this Offering Memorandum, the Corporation is targeting declaring dividends of approximately $0.07083333 per Preferred Share per month ($0.85 per annum representing an annual dividend of 8.5% 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. In addition, if the directors of the Corporation, on the advice of the Mortgage Broker, determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, the dividends to be made on the Preferred Shares. On the other hand, 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 has an optional dividend reinvestment plan ("DRIP") for preferred shareholders, whereby participants may reinvest cash dividends in additional preferred shares of the Corporation at the preferred share price as at the dividend payment date. Preferred shares issued under the DRIP are issued by the Corporation from its treasury.

Within the last three fiscal years, securities of the Corporation have been issued to existing holders of Preferred Shares through participation in the DRIP as follows:

Period of Issuance	**Issuances**	
	Value of Securities Issued under the DRIP ($)	**Preferred Shares Issued under the DRIP**
Fiscal Year 2014	810,000	81,000
Fiscal Year 2015	1,068,000	106,800
Fiscal Year 2016	1,207,797	120,780
Fiscal year 2017	1,499,151	149,915
Fiscal year 2018	1,683,010	168,301
Sep-18	154,475	15,447

Oct-18	155,037	15,504
Nov-18	152,267	15,227
Dec-18	151,716	15,172

Constraints on Transferability

Requests to transfer shares of the Corporation will be acceded to by the Board of Directors provided that the requested transfer of shares does not impair the Corporation's status as a MIC or contravene any law, rule, policy or regulation prescribed by any applicable securities commission or the provisions of the *Business Corporations Act* (Ontario) or any other applicable laws.

Paragraph 130.1(6)(d) of the ITA stipulates that to qualify as a MIC, a corporation must have at least twenty shareholders and no one shareholder may be a Specified Shareholder (defined below) of the corporation. A Specified Shareholder, as defined in the ITA, would include a taxpayer who, alone or together with any person related to the taxpayer, owns, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the Corporation (a "**Specified Shareholder**"). The ITA states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder is a Specified Shareholder. The Board of Directors intend to refuse registration of an allotment or any transfer of shares which would result in the Corporation ceasing to meet the qualifications of a MIC.

As the Corporation is not currently a reporting issuer in the selling jurisdictions or in any other jurisdiction, the Preferred Shares are subject to resale restrictions pursuant to applicable securities laws. See Item 10, Resale Restrictions.

5.2 Subscription Qualification

The Corporation is offering in the Provinces of Ontario and British Columbia pursuant to prospectus exemptions and registration exemptions, where applicable, under the securities legislation of such jurisdictions, up to 5,000,000 Preferred Shares. The issue price per Preferred Share will be equal to the Book Value Per Share at the time of purchase. The Corporation intends to maintain a Book Value Per Share of $10.00. Currently, the Book Value Per Share is $10.00.

The Preferred Shares are offered pursuant to any one of the exemptions under National Instrument 45-106 from the prospectus requirements of applicable securities laws and the exemptions under National Instrument 31-103 from the registration requirements of 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 National Instrument 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 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 National Instrument 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 Risk Acknowledgement Form 45-106F9.

Offering Memorandum Exemption

In British Columbia and Newfoundland and Labrador, 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 Acknowledgment Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Corporation.

In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, an investor, provided he, she or it is either an “eligible investor” (see 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 Acknowledgment Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Corporation.

In Alberta, New Brunswick, Nova Scotia, 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 National Instrument 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.

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:

(a) completed and executed Subscription Agreement in the form provided with this Offering Memorandum;

(b) a bank draft or certified cheque payable to the Corporation in the amount of the subscription price for the Preferred Shares; and

(c) 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

(d) 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 Acknowledgement for Individual Accredited Investors appended to the Certificate of Accredited Investor.

Closings will occur on a continuous basis as subscriptions are received and accepted. It is expected that all accepted subscriptions will be effective on the last day of each month and settled within three business days.

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. If 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 thereof. If 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.

Minimum Initial and Subsequent Investments

The minimum initial subscription is 1,000 Preferred Shares ($10,000 expected value) and the minimum subsequent investment amount is 500 Preferred Shares ($5,000 expected value). The Mortgage Broker will determine, and from time to time, may change the minimum subscription amounts for initial and subsequent investments in any series of shares, for all or any investments, at any time, without notice to investors. Shareholders who wish to make additional investments in the Corporation may do so provided they again complete and execute a Subscription Agreement in the form prescribed by the Corporation from time to time and confirm, among other things, the continued availability of exemptions from applicable NI 45-106 and NI 31-103 requirements.

We will collect, use and disclose your individual personal information in accordance with the Corporation's privacy policy and will obtain your consent to such collection, use and disclosure from time to time as required by our policy and the law. A copy of our current privacy policy will be provided to you with your Ssubscription Agreement and your consent will be sought at that time.

You should carefully review the terms of the Subscription Agreement provided herewith for more detailed information concerning the rights and obligations of 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 respecting this investment. See Item 8, Risk Factors.

5.4 Proceeds of Crime (Money Laundering) Legislation

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Corporation or the Mortgage Broker may require additional information concerning investors. If, as a result of any information or other matter which comes to the Corporation's or the Mortgage Broker's attention, any director, officer or employee of the Corporation or the Mortgage Broker knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

ITEM 6: INCOME TAX CONSEQUENCES

The Corporation has prepared the following commentary which it believes is a fair and adequate summary of the principal federal income tax consequences arising under the ITA to an Investor who is an individual resident in Canada who acquires Preferred Shares under this Offering Memorandum.

The income tax consequences will not be the same for all Investors, but may vary depending on a number of factors including: the province or provinces in which the Investor resides or carries on business, whether Preferred Shares acquired by him will be characterized as capital property, and the amount his taxable income would be but for his participation in this Offering.

The following discussion of the Canadian income tax consequences is of a general and limited nature only, is not intended to constitute a complete analysis of the income tax consequences, and should not be interpreted as legal or tax advice to any particular Investor. This summary does not address provincial or territorial laws of Canada or any tax laws of any jurisdiction outside of Canada. Each prospective Investor should obtain advice from the Investor's own independent tax advisor as to the federal and provincial income tax consequences of his or her acquisition of Preferred Shares, as such consequences can vary depending upon the particular circumstances of each Investor.

This summary is based on the Corporation's understanding of the current provisions of the ITA, the ITA Regulations, and the current administrative and assessing practices of the Canada Revenue Agency ("CRA").

This summary outlines the Canadian federal income tax consequences to an Investor based on important facts and assumptions as set out by the Corporation in the Offering Memorandum and particularly on additional facts and assumptions as follows:

(a) Investors are, and will not cease to be, resident in Canada;

(b) Investors acquire Preferred Shares pursuant to this Offering Memorandum and hold the Preferred Shares as capital property (as that term is defined in the ITA);

(c) Investors hold Preferred Shares for the purpose of earning income and have a reasonable expectation of profit from holding the Preferred Shares; and

(d) The Corporation will qualify at all material times as a MIC for the purposes of the ITA.

It is incumbent upon prospective Investors to fully investigate and substantiate the expectations above and, with respect to the assumption stated in (c) above, it is incumbent on an Investor to investigate and substantiate the Investor's reasonable expectation of profit from holding Preferred Shares, having regard to his expected financing costs and any projections the Investors may wish to obtain from the Corporation.

There is no assurance that the ITA and the Regulations will not be amended in a manner that fundamentally alters the income tax consequences to Investors who acquire or dispose of Preferred Shares. This summary does not take into account any changes in law, whether by way of legislative or judicial action.

There has been no request for an Advance Income Tax Ruling from the CRA on any aspect of the transactions proposed in the Offering Memorandum, nor is it intended that such an application will be made. No opinion from the Corporation's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all-encompassing and should not be construed as specific advice to any particular Investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Preferred Shares offered should be based on the merits of the investment as such and on an Investor's ability to bear any loss that may be incurred.

Status of the Corporation

This summary is based on the assumption that the Corporation will at all times meet certain conditions imposed on the Corporation under the ITA in order to qualify as a "mortgage investment corporation" thereunder. These conditions will generally be satisfied if, throughout a taxation year of the Corporation:

(a) the Corporation was a Canadian corporation as defined in the ITA;

(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 that were secured on real property situated outside Canada;

(d) no debts were owing to the Corporation by non-residents unless such debts were secured on real property situated in Canada;

(e) the Corporation did not own shares of non-resident corporations;

(f) the Corporation did not hold real property, or any leasehold interest in such property, located outside of Canada;

(g) the cost amount of the Corporation's property consisting of debts secured by mortgages on houses or on property included within a housing project (as those terms are defined in the *National Housing Act*[1]), together with cash on hand and deposits with a bank or any other corporation whose deposits are insured by the Canada Deposit Insurance Corporation or with a credit union (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 at least 20 shareholders and no person was a "specified shareholder", meaning that no shareholder (or related person) may hold more than 25% of the shares of any class of the Corporation at any time in the taxation year;

(j) holders of preferred shares, if any, had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the Preferred Shares, to participate *pari passu* with the holders of preferred shares in any further payment of dividends;

(k) where at any time in the year the cost amount to the Corporation of its Qualifying Property as defined in (g) above was less than two-thirds 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;

(l) where the requirement in (k) is not met and the cost amount of the Corporation's Qualifying Property was equal to or greater than two-thirds of the cost amount of all its property, the Corporation's liabilities did not exceed five times the amount by which the cost amount to it of all its property exceeded its liabilities.

If the Corporation were at any time to cease to qualify as a MIC, the income tax considerations would be materially different from those described below.

Taxation of the Corporation

Provided the Corporation remains a MIC throughout the taxation year, the Corporation will 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. A MIC may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct a portion of such dividend from its taxable income. The combination of the Corporation's deduction for capital gains dividends and the shareholder's deemed capital gain allows the Corporation to flow capital gains through to a shareholder on a tax-efficient basis.

The Corporation intends to declare dividends each year in sufficient amounts to reduce its taxable income to nil. To the extent that it does not do so, the Corporation will be taxed at the highest corporate rates.

Taxation of Shareholders

Dividends

Taxable dividends, except capital gains dividends, received by an Investor are taxable in the hands of the Investor as interest and not as dividends. Capital gains dividends received by an Investor are treated as capital gains of the Investor, one-half of which must be included as a "taxable capital gain" in computing the Investor's taxable income.

Given the Corporation's intention to declare dividends monthly and the fact that the Preferred Shares are not expected to increase in value over the course of the year, the Corporation's distributions should have no particular impact on an investor who acquires Preferred Shares late in the taxation year.

Dispositions

The cost to an Investor of his Preferred Shares (plus or minus certain adjustments required under the ITA) will be the adjusted cost base of the Preferred Shares at any particular time, against which a capital gain or capital loss will be measured on a sale or on a deemed disposition of the Preferred Shares.

An Investor will be considered to have disposed of his Preferred Shares when he assigns or sells his Preferred Shares, when he dies, if his Share is the subject of a gift, or where the Corporation is wound up or otherwise terminated. A Preferred Share which is the subject of a gift or which is held by an Investor at the time of his or her death is generally deemed to be have been disposed of for proceeds equal to fair market value at that time. However, in certain circumstances, a capital gain or capital loss will be deferred where such gift or bequest transfers the Preferred Share to the Investor's spouse.

Generally, an Investor will realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds received or deemed to have been received on the disposition of a Preferred Share exceed, or are exceeded by, the adjusted cost base of the Preferred Share.

An Investor will include one-half of any capital gain in computing taxable income as a "taxable capital gain". Similar proportions of a capital loss will be "allowable capital loss" that may be used to offset taxable capital gain in the year that the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gain in that year it may be carried back three (3) years and forward indefinitely to offset any taxable capital gains realized in those years.

Interest on Money Borrowed to Purchase Preferred Shares

An Investor will generally be entitled to deduct from his income reasonable interest paid or payable with respect to monies borrowed to acquire Preferred Shares, provided he has a reasonable expectation of profit from holding the Preferred Shares. Interest expense deducted by an Investor will be included in computing his cumulative net investment losses.

After the disposition of a Preferred Share by a taxpayer, reasonable interest expense on money borrowed for the purpose of acquiring that Share will generally continue to be deductible until the borrowing is repaid regardless of whether a gain or loss was realized on the disposition of the Preferred Share; except to the extent any proceeds of disposition attributable to that borrowed money are used to make personal expenditures by the taxpayer or are not otherwise used for the purpose of earning income.

Registered Plans

Eligibility

The Preferred Shares will be qualified investments for RRSPs, RRIFs, RESPs, TFSAs, and DPSPs (together "Registered Plans") at a particular time if the Corporation qualifies as a MIC under the ITA at such particular time 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 under the particular plan or of any other person who does not deal at arm's length with that person. Registered Plans will generally not be liable for tax in respect of any dividends received.

If the Corporation fails to qualify as a MIC at any time throughout a taxation year, shares of the Corporation may cease to be a qualified investment for Registered Plans. Where an RRSP or RRIF holds a non-qualified investment at the end of a month, the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired. Moreover, if an RRSP or RRIF holds a non-qualified investment at any time during a particular year, the RRSP or RRIF will be subject to tax under Part I of the ITA on income and capital gains attributable to the non-qualified investment. Similar penalties exist for RESP, TFSA, and DPSP plans.

Interest Expense for RRSP Contributions
Interest and other borrowing costs incurred by an Investor for the purpose of making a contribution to an RRSP are not deductible. Therefore, if an Investor holds Preferred Shares in an RRSP, the Investor would not be eligible to deduct from his income any interest expense on money borrowed for the purpose of acquiring the Preferred Shares held in the RRSP.

Distributions Received by RRSP from the Corporation

As noted, taxable dividends are deemed to be interest income to the Investor, which, together with one-half of capital gains dividends, are added to the Investor's taxable income if the Preferred Shares are held personally by the Investor as capital property. Such distributions paid on Preferred Shares held by an RRSP, however, will not be subject to tax in the RRSP, provided the RRSP has not borrowed money or carried on business and the annuitant under the RRSP is alive. An RRSP will not carry on business merely by holding Preferred Shares. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP when funds are withdrawn on maturity of the RRSP, which must occur no later than the end of the year in which the annuitant turns 71 years old.

RRSP Contribution Limits

An individual may contribute cash or eligible property (such as a Share) to an RRSP in a calendar year or within sixty (60) days after the end of the year, and may claim a deduction for that calendar year to the extent that the amount contributed does not exceed the limits specified by the CRA. The amount of an individual's contribution will be equal to the fair market value of any property contributed as of the day of contribution. Any unused RRSP deduction room can be carried forward indefinitely in the event that contributions made to an RRSP for a particular year are less than the allowable contribution for that year.

The transfer of a Preferred Share to an RRSP will result in the deemed disposition for income tax purposes at an amount equal to the fair market value of the Preferred Share at the time of the transfer. For an individual Investor who holds a Preferred Share as capital property the disposition will result in a capital gain equal to the excess of the fair market value of the Preferred Share over its adjusted cost base. Should the fair market value of the Preferred Share be less than its adjusted cost base upon contribution to the RRSP, no capital loss will be allowed.

Funds or property withdrawn from an RRSP are taxable to the RRSP annuitant in the year of withdrawal. The amount of any non-qualified investment acquired by an RRSP in a year is included in the income of the annuitant for that taxation year.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

The Preferred Shares will be sold on a best effort basis by any registered dealers that may be duly authorized by the Corporation, from time to time. In its discretion, the Corporation may pay commissions or referral fees to persons selling Preferred Shares, subject to any applicable securities legislation. If permitted by applicable securities legislation, the Corporation may also compensate its senior officers, directors, and employees of the Corporation in respect of any Preferred Shares sold by them. Such commission may be paid in cash immediately upon the Corporation accepting the particular subscription, or paid over time.

The Corporation may enter into certain non-exclusive agency agreements with registered dealers under which the dealers would offer the Preferred Shares for sale to Subscribers on a commercially reasonable best efforts basis, and the Corporation would be responsible for payment of the dealers' commissions. Where permitted by securities legislation of a jurisdiction, the Corporation will pay a commission to registered dealers or a referral fee to any finder who refers Subscribers resident in such jurisdiction that results in a sale of securities to such Subscribers under this Offering. The commission or referral fee will, at the discretion of the Board of Directors, be no greater than six percent (6%) of the gross proceeds received in connection with the sale of securities to a Subscriber referred by the registered dealer or finder and will be paid out of the proceeds attributable to the Preferred Shares sold under the Offering. If the Offering is fully subscribed for and the Corporation pays out the maximum possible commissions, the Corporation will pay out $3,000,000 in commissions.

The Corporation may enter into certain non-exclusive agency agreements with registered dealers under which the dealers would offer the Preferred Shares for sale to Subscribers on a commercially reasonable best efforts basis, and the Corporation would be responsible for payment of the dealers' commissions. Where permitted by securities legislation of a jurisdiction, the Corporation will pay a commission to registered dealers or a referral fee to any finder who refers Subscribers resident in such jurisdiction that results in a sale of securities to such Subscribers under this Offering. The commission or referral fee will, at the discretion of the Board of Directors, be no greater than six percent (6%) of the gross proceeds received in connection with the sale of securities to a Subscriber referred by the registered dealer or finder and will be paid out of the proceeds attributable to the Preferred Shares sold under the Offering. If the Offering is fully subscribed for and the Corporation pays out the maximum possible commissions, the Corporation will pay out $3,000,000 in commissions.

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.

8.1 Investment Risk

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

(a) ***Absence of Market for Preferred Shares*** – There is no public market for the Preferred Shares. The Preferred Shares are not listed on a stock market or quoted on any public market in Canada or elsewhere.

(b) ***Retraction Liquidity*** – Shareholders have the right to require the Corporation to redeem the Preferred Shares upon appropriate notice from the Shareholder to the Corporation with the guidelines set forth in Item 5.1 "Retraction Rights". The Corporation provides no assurance that any Shareholder will be able to affect the retraction of any or all of their Preferred Shares at any time. Retraction of the Preferred Shares is subject to the Corporation having access to sufficient excess cash, or other liquid assets, and being in compliance with the applicable corporate, tax and securities legislation.

(c) ***No Guarantees*** **–** There is no assurance that the Corporation will be able to pay dividends at levels targeted by the Corporation or at all. The funds available for distribution to shareholders will vary according to many factors, notably the interest and principal payments received in respect of mortgage loans held by the Corporation and the rate of return on the Corporation's cash balances. Although mortgage loans made by the Corporation are carefully selected by the Mortgage Broker, there can be no assurance that such loans will have a guaranteed rate of return to investors or that losses will not be suffered on one or more loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change. In the event that additional security is given by the borrower or that a third party guarantees the mortgagor's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. There can be no assurances that the Corporation will be able to maintain its Book Value per Share at a constant amount.

(d) **Lack of Separate Legal Counsel** – The Investors, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Mortgage Broker purports to have acted for the Investors or to have conducted any investigation or review on their behalf.

(e) **Leverage by the Corporation** –The Corporation may from time to time borrow under loans with Canadian chartered banks and others. See "Item 2, Business of the Corporation – Our Business – Investment Strategies". The Corporation intends to borrow to the extent that the Directors are satisfied that such borrowing and additional investments will increase the overall profitability of the Corporation. The obligations under such loans may be secured, and while the addition of leverage has the potential to enhance returns, it also involves additional risks. For example, due to the varying loan maturities and constant fluctuations in interest rates, there is no assurance that the interest received by the Corporation on its mortgage investments will always exceed the interest the Corporation pays on loans that it may have previously taken out to finance mortgage investments. Therefore, there can be no assurance that the leveraging employed by the Corporation will enhance returns, and to the extent that secured lenders realize on their respective collateral, they will have right to receive distributions in priority to the Preferred Shareholders in addition to the right to seize mortgage assets pursuant to security agreements with the Corporation.

8.2 Corporation Risk

Risks that are specific to the Corporation include the following:

(a) ***MIC Tax Designation*** **-** The Corporation intends to use commercial best efforts to ensure that the Corporation continues to qualify as a MIC pursuant to the ITA. As well, the Board of Directors has the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions. **There can be no assurance, however, that the Corporation will be able to meet the ITA's MIC qualifications at all material times.** As an entity 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 Registered Plans with the effect that a penalty tax would be payable by the Subscriber.

(b) ***Reliance on third parties*** **-** In assessing the risk of an investment in the Corporation, potential investors should be aware that they will be relying on the good faith, experience and judgment of certain staff of the Mortgage Broker. Should these staff be unable or unwilling to continue their employment with the Mortgage Broker, this could have an adverse effect on the Corporation's business, financial condition and results of its operations, which in turn may adversely affect the Corporation's ability to perform its obligations and its ability to maintain dividends on the Preferred Shares at a consistent and desirable level. The competition for such key qualified 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 which in turn may adversely affect the Corporation's ability to perform its obligations and its ability to maintain dividends on the Preferred Shares at a consistent and desirable level.

(c) ***Potential conflicts of interest*** **-** The Directors of the Corporation and the Mortgage Broker may be employed by or act in other capacities for other companies and entities involved in mortgage and lending activities. See Section 2.2, "Our Business – Conflicts of Interest."

The Corporation and its shareholders are dependent in large part upon the experience and good faith of the Mortgage Broker. The Mortgage Broker is entitled to act, currently acts and in the future may act in a similar capacity for other companies and entities with investment criteria similar to those of the Corporation. Accordingly, there may be instances in which an investment opportunity may be suitable for the Corporation as well as other mortgage lenders or investors with whom the Directors of the Corporation and/or the Mortgage Broker has business relations. In such cases, the Mortgage Broker has the right to take such action as it sees fit. As such, there is a risk the Mortgage Broker will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested.

The Directors of the Corporation may by unanimous resolution vary the Corporation's investment criteria. See Section 2.2, "Our Business - Changes to Investment Strategies, Operating Restrictions and Investment Policies." The Directors are also entitled to terminate the Mortgage Broker Agreement.

The Mortgage Broker has sole discretion in determining which mortgages it will make available to the Corporation for investment, subject to compliance with the investment and operating policies and restrictions set out herein.

The Board approves all policies of the Corporation and has final approval on all individual mortgages recommended by the Mortgage Broker. Since the Directors of the Corporation are also the directors of the Mortgage Broker and given that the Mortgage Broker's management fee is based on approved mortgages, there is a potential conflict of interest to the extent that the Board approves mortgages that do not serve the best interests of the Corporation. Therefore, in assessing the risk of an investment in the Corporation, potential investors should be aware that they will be relying on the good faith, experience and judgment of the Board.

8.3 Industry Risk

There are also risks faced by the Corporation related to the industry in which it operates. Real estate values are subject to fluctuation owing to a variety of supply and demand factors impacting real estate markets. In addition, prospective Investors should take note of the following:

(a) Competition – The Corporation is competing with many third parties, including other lenders and financial institutions, seeking investment opportunities similar to those sought by the Corporation. There is no assurance that the number of mortgages required to maintain an optimal level of investment will be funded, and this could have an adverse effect on the Corporation's business, financial condition and results of operations which in turn may adversely affect the Corporation's performance and its ability to maintain dividends on the Preferred Shares at a consistent and desirable level.

Such third parties may have greater name recognition and greater financial, managerial and technical resources than the Corporation. Competitors may reduce the interest rates that they charge, resulting in a reduction in the Corporation's share of the market, reduced interest rates on loans and reduced profit margins.

(b) Sensitivity to interest rates – It is anticipated that the value of the Corporation's investment portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the mortgages comprising the Corporation's investment portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's mortgage assets are based), the Corporation may find it difficult to make a mortgage loan bearing acceptable rates. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's business, financial condition and results of operations which in turn may adversely affect the Corporation's ability to perform its obligations and its ability to maintain dividends on the Preferred Shares at a consistent and desirable level. Due to the term of the mortgages made by the Corporation and the inability to accurately predict the extent to which the Corporation's mortgages may be prepaid, it is possible that the Corporation may not be able to sufficiently reduce interest rate risk associated with the replacement of such mortgages through new investments in mortgages.

(c) Changes in property values – The Corporation's mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. While independent appraisals will be required before the Corporation makes a mortgage investment, the appraised values, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or making of leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and, if and to the extent they are not satisfied, the loan amount may prove to exceed the value of the underlying real property thus resulting in a loan loss if the property must be sold to remedy a mortgage default. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

(d) ***Environmental liability of a mortgage*** – 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, where the Corporation has exercised its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property. While the Corporation may obtain a Phase I environmental audit where there is a reasonable possibility of environmental contamination that might impact the value and marketability of a property, the Corporation does not systematically obtain environmental audits of all properties subject to mortgages.

(e) ***Investment not insured*** – Neither the Mortgage Broker nor the Corporation is a member of the Canada Deposit Insurance Corporation and the Preferred Shares offered hereunder are therefore not insured against loss through the Canada Deposit Insurance Corporation. Moreover, mortgages held by the Corporation are not insured through the Canada Mortgage and Housing Corporation or otherwise.

(f) ***Renewal of Mortgages*** **–** There can be no assurances that any of the mortgages held by the Corporation can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage held by the Corporation, it is possible that either the mortgagor, the mortgagee, i.e. the Corporation, or both, will elect not to renew such mortgage. In addition, if the mortgages in the Corporation's mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the mortgagees at the time of renewal and the terms of a refinancing may therefore not be as favourable as the terms of existing indebtedness.

(g) ***Nature of the investments*** **–** Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Mortgage Broker's ability to vary the mortgage portfolio promptly in response to changing economic or investment conditions. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

(h) ***Specific investment risk for non-conventional mortgage investments*** **–** Non-conventional mortgage investments attract higher loan loss risk. Given that the Corporation primarily invests in second mortgages, this risk is particularly heightened. This higher risk is compensated for by a higher rate of return. The failure of one or more borrowers to make payments according to the terms of their loan could result in the Corporation exercising its rights as mortgagee and may adversely affect the Corporation's rate of return, which is directly correlated to the receipt of mortgage payments. Also, the recovery of a portion of the Corporation's assets, i.e. the property put up as collateral by the defaulting mortgagor, would be tied up for a period of time, diverting resources away from the funding of new investments. Legal fees and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are borne by the Corporation. Although these fees and costs are often recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, there is no assurance that they will actually be recovered. Due to fluctuations in the housing market and the economy generally, there is a possibility that historical loan default rates may increase and that in any power of sale, the Corporation could lose a substantial portion of the principal amount loaned to the borrower. Excessive loan loss could affect materially the Corporation's business, financial condition and results of operations which in turn may adversely affect the Corporation's ability to perform its obligations and its ability to maintain dividends on the Preferred Shares at a consistent and desirable level.

(i) ***Priority over security*** – The Corporation will make a loan in return for a second or third charge on the property. Second or third mortgage investments typically attract higher loan loss risk due to their subordinate ranking to other mortgage charges and typically higher aggregate loan-to-value ratio. This higher risk is compensated for by a higher rate of return. Also, any real property may be subject to one or more liens which will take priority over a mortgage, even a first-ranking one. Such liens may arise, for example, as a result of unpaid municipal taxes or utility bills. When a charge on real property is in a position other than the first rank, it is possible for the holder of a prior charge, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the underlying real property. Such actions may include foreclosure, the exercising of a giving-in-payment clause or an action forcing the underlying real property to be sold (known as a "power of sale"). Foreclosure or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person, other than the holder of a first-ranking charge on the underlying real property, of the security of such real property. If an action is taken to sell the underlying real property and sufficient proceeds are not realized from such sale to pay off all creditors who have charges on the property (including a lien holder) ranking prior to the Corporation, the Corporation may lose all or part of its investment to the extent of such deficiency, unless it can otherwise recover such deficiency from other property owned by the borrower.

ITEM 9: REPORTING OBLIGATIONS

9.1 Continuous Disclosure

The Corporation is not a 'reporting issuer' under applicable securities legislation, nor will we become a reporting issuer following the completion of the Offering. **Consequently, we are not required to send you any 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 hold a general meeting of our shareholders in each calendar year and, at the meeting, to provide our shareholders with audited financial statements for the previous financial year. Instead of providing our annual financial statements at the meeting, we mail them to our Preferred Shareholders together with the notice for our annual general meeting of shareholders held in the fall of each year. At the same time, we send a letter to shareholders reporting on our previous year's business.

The Corporation is also required to forward to holders of Preferred Shares resident in Alberta, New Brunswick, Ontario, Saskatchewan and Nova Scotia that purchased Preferred Shares under the offering memorandum exemption audited annual 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 end of each fiscal year of the Corporation. The fiscal year of the Corporation ends on the 31st day of August of each year. Furthermore, the Corporation is required to provide notice to holders of Preferred Shares resident in New Brunswick, Nova Scotia and 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 jurisdiction outside Ontario or have subscribed under another prospectus exemption. In addition, the Corporation will forward to all shareholders a copy of interim unaudited financial statements on a semi-annual basis. Each shareholder will also receive a statement of their shareholdings on a quarterly basis.

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 Further information about us is posted and available for review by shareholders at www.ginkgomic.com or from the Corporation at the contact information set out on the face page of this Offering Memorandum.

ITEM 10: RESALE RESTRICTIONS

The Preferred Shares will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Preferred Shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, in all jurisdictions in Canada other than Manitoba, you cannot trade the Preferred Shares before the date that is four 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.**

Furthermore, unless permitted under securities legislation, in Manitoba, you must not trade the Preferred Shares 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 Preferred Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the Preferred Shares 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.

In addition to the aforementioned resale restrictions, section 130.1(6)(d) of the ITA stipulates that a MIC may not have fewer than 20 shareholders and no one shareholder may hold more than 25% of the total issued and outstanding shares of any class of the Corporation's capital. Accordingly, under the Corporation's articles, the right to transfer shares of the Corporation is restricted and no shares shall be transferred without the consent of the majority of the directors of the Corporation expressed by a resolution passed by the Board of Directors.

Requests to transfer shares of the Corporation will be acceded to by the directors of the Corporation provided that the requested transfer of shares does not impair the Corporation's status as a MIC or contravene any law, rule, policy or regulation prescribed by any applicable securities commission or the provisions of the *Business Corporations Act* (Ontario) or any other applicable laws. For greater certainty, the terms "transfer" and "transferred" shall not be construed so as to include a tender of shares by a shareholder for the purpose of their retraction by the Corporation.

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: PURCHASERS' RIGHTS

If you purchase these Preferred Shares, 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 legislations. 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 the applicable securities legislation 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 defenses 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 jurisdiction where Preferred Shares will be sold 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 an investor may have at law.

Two Day Cancellation Right

You can cancel your agreement to purchase Preferred Shares. To do so, you must send a written notice to the Corporation by midnight on the 2nd business day after you sign the agreement to buy the Preferred Shares.

Statutory Rights of Action

Investors Resident in Alberta, British Columbia, Newfoundland and Labrador, and Nova Scotia

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 defenses 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 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 defenses 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 New Brunswick

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 a selling security holder on whose behalf the distribution was made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses 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.

Investors Resident in Northwest Territories, Nunavut, Prince Edward Island and Yukon

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 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 defenses 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 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 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.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses 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 three (3) years from the date of the Corporation having accepted your subscription to purchase the Preferred Shares.

Investors Resident in Quebec

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 defenses 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 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 defenses 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 and Territories of Canada are complex. References should be made to the full text of the provisions summarized above relating to statutory rights of action. **Investors should consult their own legal advisors 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 investors 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 of the Corporation for the period ended August 31, 2018 are set forth below.

GINKGO MORTGAGE INVESTMENT CORPORATION

FINANCIAL STATEMENTS

August 31, 2018

GINKGO MORTGAGE INVESTMENT CORPORATION

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August 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ginkgo Mortgage Investment Corporation

We have audited the accompanying financial statements of Ginkgo Mortgage Investment Corporation, which comprise the statement of financial position as at August 31, 2018, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ginkgo Mortgage Investment Corporation as at August 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
November 9, 2018

GINKGO MORTGAGE INVESTMENT CORPORATION

Statements of Financial Position
As at August 31,

		2018		2017
ASSETS				
General operating accounts	$	2,626,320	$	5,078,909
Short term investments		102,000		100,000
Amounts receivable and prepaid expenses (note 4)		512,255		479,298
Mortgage investments (note 5)		45,591,156		42,002,331
Total assets	**$**	**48,831,731**		**47,660,538**
LIABILITIES				
Dividends payable and accruals (note 8)	$	518,285	$	2,058,113
Unearned interest		265,262		112,346
Bonds payable (note 9)		3,110,000		3,010,000
Total liabilities		3,893,547		5,180,459
SHAREHOLDERS' EQUITY				
Share capital (note 7)		44,024,774		41,907,430
Retained earnings		913,410		572,649
Total shareholders' equity		44,938,184		42,480,079
Total liabilities and shareholders' equity	**$**	**48,831,731**	**$**	**47,660,538**

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

"Henry Tse"
Director

"Ronald Lee"
Director

GINKGO MORTGAGE INVESTMENT CORPORATION

Statements of Comprehensive Income
For the years ended August 31,

	2018	2017
Revenue		
Interest income	$ 5,267,097	$ 4,646,863
Administrative and late payment fees	495,749	351,588
	5,762,846	4,998,451
Operating expenses		
Management fees (note 8)	648,921	631,691
Selling, general and administrative expenses	450,479	353,614
Interest expenses (note 9)	186,815	145,042
Allowance for uncollectible mortgage investments	400,000	-
Impairment loss on mortgage investments	20,700	253,423
	1,706,915	1,383,770
Total comprehensive income for the year	$ 4,055,931	$ 3,614,681

The accompanying notes are an integral part of these financial statements

GINKGO MORTGAGE INVESTMENT CORPORATION

Statements of Changes in Equity
For the years ended August 31,

Shareholders' Equity

	Preferred shares	Common shares	Retained earnings	Total equity
Balance, August 31, 2016	$ 40,630,292	$ 125	$ 576,475	$ 41,206,892
Net proceeds from issuance of preferred shares	7,106,444	-	-	7,106,444
Share issue costs	(123,712)	-	-	(123,712)
New preferred shares issued under dividend Reinvestment plan	1,499,150	-	-	1,499,150
Redemption of preferred shares	(7,204,869)	-	-	(7,204,869)
Earnings and comprehensive income	-	-	3,614,681	3,614,681
Dividends to shareholders	-	-	(3,618,507)	(3,618,507)
Balance, August 31, 2017	$ 41,907,305	$ 125	$ 572,649	$ 42,480,079
Net proceeds from issuance of preferred shares	5,163,117	-	-	5,163,117
Share issue costs	(85,021)	-	-	(85,021)
New preferred shares issued under dividend Reinvestment plan	1,683,010	-	-	1,683,010
Redemption of preferred shares	(4,643,762)	-	-	(4,643,762)
Earnings and comprehensive income	-	-	4,055,931	4,055,931
Dividends to shareholders	-	-	(3,715,170)	(3,715,170)
Balance, August 31, 2018	**$ 44,024,649**	**$ 125**	**$ 913,410**	**$ 44,938,184**

The accompanying notes are an integral part of these financial statements

GINKGO MORTGAGE INVESTMENT CORPORATION

Statements of Cash Flows
For the years ended August 31,

		2018		2017
Cash provided by (used in):				
Operating activities				
Comprehensive income for the year	$	4,055,931	$	3,614,681
Items not involving cash				
Allowance for uncollectible mortgage investments		400,000		-
Net changes in non-cash operating items:				
Increase / (decrease) in dividends payable and accruals		(1,539,827)		1,542,861
(Decrease) /increase in unearned interest		152,916		(23,697)
Decrease/(increase) in amounts receivable and prepaid expenses		(32,957)		1,282,422
Net cash provided by operating activities		3,036,063		6,416,267
Financing activities				
Proceeds from issuance of bonds payable		800,000		2,100,000
Redemption of bonds payable		(500,000)		(565,000)
Proceeds from issuance of preferred shares*		4,963,117		7,084,444
Share issue costs		(85,021)		(123,712)
Redemption of preferred shares		(4,643,762)		(7,204,869)
Dividends paid		(2,032,160)		(2,119,357)
Net cash (used in) provided by financing activities		(1,497,826)		(828,494)
Investing activities				
(Investment)/redemption of short term investments		(2,000)		(20,000)
(Advances) on mortgage investments		(44,744,678)		(44,838,701)
Repayment of mortgage investments		40,755,852		41,712,308
Net cash used in investing activities		(3,990,826)		(3,146,393)
Increase in cash		(2,452,589)		2,441,380
Cash, beginning of year		5,078,909		2,637,529
Cash, end of year	$	2,626,320	$	5,078,909
Cash balance is composed of:				
Cash	$	2,626,320	$	5,078,909
Cash provided by operating activities includes:				
Interest received	$	5,209,463	$	4,596,676
Interest paid	$	170,912	$	125,925
Supplemental information				
*Bonds payable class A transferred to Bonds payable class B		70,000		-
*Bonds payable class A & class B transferred to preferred shares	$	200,000	$	22,000

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of operations

Ginkgo Mortgage Investment Corporation (the "Corporation") was incorporated under the Business Corporations Act (Ontario) on July 29, 2011. The address of the Corporation's registered head office and principal place of business is 101 Duncan Mill Road, Suite 400, Toronto, Ontario M3B 1Z3.

The Corporation is a Canadian mortgage investment corporation ("MIC") pursuant to Section 130.1 of the Income Tax Act (Canada). As such, its business consists of lending of money, principally to individuals, for the purpose of acquiring, developing, maintaining or upgrading residential real estate or other real property, against the security of a mortgage granted on such property. The Corporation conducts its mortgage lending activities on properties located in Canada, primarily in the Province of Ontario, Manitoba, Alberta and British Columbia.

The Corporation, in computing its taxable income is generally 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. Dividends other than capital gains dividends, which are paid by the Corporation to shareholders, will be included in the shareholders' incomes as interest income.

2. Basis of presentation

These financial statements were approved by the Board of Directors on November 9, 2018.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Corporation.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgements have been applied in a manner consistent with the prior period and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making those estimates and judgements in these financial statements. The significant estimates and judgements used in determining the recorded amount for assets and liabilities in the financial statements are as follows:

Mortgage investments

The Corporation is required to make an assessment of the impairment of mortgage investments. Mortgage investments are considered to be impaired only if objective evidence indicates that one or more events ("loss events") have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary.

Measurement of fair values

The Corporation's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Corporation uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Short-term investments are measured at fair value based on a Level 1, 2 designation. Mortgage investments and amounts receivable are classified as loans and receivables and are recorded at cost. Dividends payable and accruals and bond payable are classified as other financial liabilities. Their carrying values approximate their fair value due to their relatively short-term maturities and because market interest rates have not fluctuated significantly since the date at which the loans were entered into. Fair values of mortgage investments are established by level 3 inputs.

Management reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, management will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

3. Summary of significant accounting policies

The Corporation's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently to all periods presented in these financial statements.

(a) Mortgage investments

Mortgage investments are classified as loans and receivable investments. Such investments are recognized initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, the investment loans are measured at amortized cost using the effective interest method, less any impairment losses.

The investments 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 has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of investments 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 investments. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Revenue recognition

(i) Interest income

Interest income is accounted for the accrual basis on all performing mortgage investments. Interests on non-performing mortgage (mortgages over 60 days pass due) investments will be recognized when the underlying assets are discharged and the receipt of interest income are certain.

(ii) Administrative and late payment fees income

Administrative and late payment fees are recognized once the receipt of such amounts is certain.

(c) Income taxes

The Corporation is an MIC pursuant to the Income Tax Act (Canada). As such, the Corporation 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 Corporation intends to maintain its status as an MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Corporation is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Corporation's dividends results in the Corporation being effectively exempt from taxation and no provision for current or future income taxes is required.

(d) Financial assets and liabilities

Financial assets include the Corporation's general operating accounts, short term investments, amounts receivable, and mortgage investments. Financial liabilities include dividends payable and accruals, and bonds payable.

The Corporation determines the classification of its financial assets and liabilities at initial recognition. Financial instruments are recognized initially at fair value and in the case of financial assets and liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include amounts receivable and mortgage investments.

(e) Impairment

The Corporation addresses at each reporting date whether there is objective evidence that a financial asset, other than those at fair value through profit and loss, or a group of financial assets, is impaired. When impairment has occurred, the cumulative loss is recognized in profit or loss.

Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments as well as observable changes in the national or local economic conditions that may default on receivables. For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable and mortgage investments, where the carrying amount is reduced through the use of an allowance account. When amounts receivable and mortgage investments are considered uncollectible, it is provided for in the allowance account. Subsequent recoveries of amounts previously provided for are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(f) Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(g) Related party transactions

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect to bad or doubtful debts from related parties.

(h) Share capital

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

(i) Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after September 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

Management is currently assessing the new requirements; however, it is anticipated that the adoption of these new standards, interpretations and amendments are unlikely to have a significant impact on the Corporation's financial statements.

Accounting changes

During 2018, the Corporation adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7. These new standards and changes did not have any material impact on the Corporation's financial statements.

4. Amounts receivable and prepaid expenses

The following is a breakdown of amounts receivable and prepaid expenses as at August 31, 2018 and 2017.

	2018	**2017**
Interest receivable	$51,908	$384,239
Prepaid expenses and deposit	31,514	10,057
Accounts receivable	428,833	20,002
Funds held in trust	-	65,000
Amounts receivable and prepaid expenses	$512,255	$479,298

5. Mortgage investments

The following is a breakdown of the mortgage investments as at August 31, 2018 and 2017:

	2018	**2017**
First mortgages	$21,737,293	$11,768,501
Non-first mortgages	24,853,863	30,833,830
Allowance for uncollectible mortgage investments	(1,000,000)	(600,000)
Investment portfolio	$45,591,156	$42,002,331

First mortgages are loans secured by a first priority mortgage charge. Non-first mortgages are loans with mortgage charges not registered in first priority with loan to property value not exceeding 85%.

The loans comprising the investment portfolio bear interest at the weighted average rate of 12.56% (2017 – 12.24%) and mature between fiscal year 2019 and 2020.

Borrowers who have open loans have the option to repay principal at any time prior to the maturity date.

Principal repayments based on contractual maturity dates are as follows:

2019	$40,558,356
2020	$6,032,800
Total	$46,591,156

As of August 31, 2018, six mortgages in the amount of $1,176,691 were over 90 days past due. The market value for those properties at current is $5,194,500 with first mortgages from other lenders in the amount of $2,602,745. There were also five syndicated mortgages in Alberta totaling $541,600 are currently suspended or extended by the developers until the local economic condition improves.

Management has set the impairment provision in the amount of $1,000,000 as of August 31, 2018 (2017 - $600,000), which represents the short fall between investment principle balances and estimated recoverable amounts.

Geographic Analysis:

As at August 31, 2018

Province	Single Family	Commercial	Total	
Ontario	$ 41,157,760	$ 2,679,530	$ 43,837,290	94%
Manitoba	1,420,266	-	1,420,266	3%
British Columbia	792,000	-	792,000	2%
Alberta	-	541,600	541,600	1%
	$ 43,370,026	**$ 3,221,130**	**$ 46,591,156**	**100.0%**

As at August 31, 2017

Province	Single Family	Commercial	Total	
Ontario	$ 32,794,485	$ 3,752,530	$ 36,547,015	85.8%
Manitoba	2,131,715	-	2,131,715	5.0%
British Columbia	242,000	-	242,000	0.6%
Alberta	-	3,681,600	3,681,600	8.6%
	$ 35,168,200	**$ 7,434,130**	**$ 42,602,331**	**100.0%**

6. Dividends

The Corporation intends to make dividend payments to the shareholders on a monthly basis on or around the 15th day of each month. The operating policies of the Corporation set out that the Corporation intends to distribute to shareholders within 90 days after the fiscal year end 100% of the net profit of the Corporation determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

For the year ended August 31, 2018, the Corporation recorded dividends of $3,715,170 (2017 - $3,618,507) to its shareholders. Weighted dividend per share for the year was $0.85 (2017 - $0.85).

7. Share capital

Authorized

As at August 31, 2018, the Corporation was authorized to issue the following:

Unlimited number of common shares with voting right and no par value

Unlimited number of preferred shares with non-voting right and no par value

The Corporation has an optional dividend reinvestment plan ("DRIP") for preferred shareholders, whereby participants may reinvest cash dividends in additional preferred shares of the Corporation at the preferred share price as at the dividend payment date. Preferred shares issued under the DRIP are issued by the Corporation from its treasury.

Issued and outstanding

The following common shares were issued and outstanding as at August 31,

	2018		**2017**	
	Common Shares	**Amount**	**Common Shares**	**Amount**
Balance, beginning of year	125	$125	125	$ 125
Balance, end of year	**125**	**$125**	**125**	**$ 125**

The following preferred shares were issued and outstanding as at August 31,

	2018		2017	
	Preferred Shares	**Amount**	**Preferred Shares**	**Amount**
Balance, beginning of year	4,255,511	$41,907,305	4,115,439	$40,630,292
New shares issued during the year	516,311	5,163,117	710,644	7,106,444
Share issue costs	-	(85,021)	-	(123,712)
Dividend reinvestment plan	168,301	1,683,010	149,915	1,499,150
Redemption of shares	(464,376)	(4,643,762)	(720,487)	(7,204,869)
Balance, end of year	**4,475,747**	**$44,024,649**	**4,255,511**	**$41,907,305**

8. Related party transactions and balances

The Corporation will not actively employ resources to seek or originate mortgages for investment, but instead will rely on the expertise of a mortgage broker for a regular flow of investment opportunities.

The corporation has entered into a Mortgage Broker Management Agreement with a licensed mortgage broker (the "Mortgage Broker") that is owned by the directors of the Corporation.

The Mortgage Broker has agreed to service the Corporation's mortgage portfolio, including sourcing, negotiating, and underwriting mortgages.

The Mortgage Broker will pay all of its costs, expenses and overhead relating to the provisions of its services. As compensation for the services, the Mortgage Broker will receive a monthly fee equal to 1/12th of 1.5% of the outstanding mortgage investment portfolio of the Corporation. In addition, the Mortgage Broker may, from time to time, charge brokers' fees, lenders' fees, commitment fees, or similar fees to borrowers with respect to any mortgage loan, all of which fees are the sole property of the Mortgage Broker.

Total management fees incurred for the year was $648,921 (2017 - $631,691). The Mortgage Broker Management Agreement is for an indefinite term. It may be terminated by the Corporation at any time upon 60 days notice. As at August 31, 2018, an amount owing to the Mortgage Broker in the amount of $266,454 (2017 - $725,183) was included in the dividends payable and accruals.

As at August 31, 2018, the total amount of preferred shares subscribed, either directly or indirectly, by the directors, management, management of the Mortgage Broker, and related parties was $5,538,960 (2017 – $5,390,901).

9. Bonds Payable

As of February 28, 2016, the Corporation commenced an offering of Class A Secured Bonds and Class B Secured Bonds. Both classes of bonds are secured by general corporation assets. The terms of the bonds are as follow:

Class A Bond	The bond bears interest at 5% per annum and shall mature on the first-year anniversary date of the issuance thereof.
Class B Bond	The bond bears interest at 6% per annum and shall mature on the second-year anniversary date of the issuance thereof.

As at August 31, 2018, the corporation has issued $177,500 (2017 – $340,000) Class A bonds and $2,932,500 (2017 – $2,670,000) Class B bonds. Total interest expenses paid or payable for the year was $186,815 (2017 – $145,042) and was included in the statement of comprehensive income.

10. Financial risk management

Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Directors have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at August 31, 2018 and 2017 is as follows:

	2018	**2017**
General operating accounts	$2,626,320	$5,078,909
Short term investments	102,000	100,000
Amounts receivable and prepaid expenses	512,255	479,298
Mortgage investment	$45,591,156	$ 42,002,331

General operating accounts consists of cash bank balances. The Corporation manages the credit exposure related to general operating accounts by selecting financial institutions with high credit ratings. There were $577,600 first mortgages and $1,096,325 non-first mortgages within the mortgage investment have been passed due but not impaired; also $265,210 first mortgage and $799,480 non-first mortgages in default as of August 31, 2018.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. Liquidity risk is managed by ensuring that the sum of (i) the sourcing of other borrowing facilities, and (ii) projected repayments under the existing investment portfolio, exceeds projected needs (including funding of further advances under existing and new investments).

As at August 31, 2018 and 2017, the Corporation's financial liabilities consist of bonds payable, dividends payable and accruals to fund the Corporation's mortgage investments. Repayment of mortgage investments results in a direct and corresponding pay down of those payable.

The following are the contractual maturities of financial liabilities as at August 31, 2018:

	Carrying value	**Contractual cash flows**	**Within a year**
Bonds payable	$3,110,000	$3,110,000	$ 177,500
Dividends payable and accruals	$ 518,285	$ 518,285	$ 518,285

The obligations for future advances under the Corporation's investment portfolio are anticipated to be funded from existing general operating accounts, borrower repayments and future issuance of preferred shares. Upon funding, the funded amount forms part of the Corporation's investments.

As at August 31, 2018 and 2017, management does not consider the Corporation to have significant exposure to liquidity risk.

(c) Market risk

Market risk is the risk that changes in market prices, such as real estate prices, will affect the Corporation's net profit or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

(d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Corporation does not currently have any variable interest bearing debt, the Corporation is not exposed to interest rate risk.

The Corporation had no interest rate swaps or financial contracts in place as at or during the years ended August 31, 2018 and 2017.

(e) Capital risk management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

The Corporation will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Corporation is registered with Financial Services Commission of Ontario as a licensed mortgage administrator. As part of the licensing requirements, the Corporation is required to maintain a minimum of $25,000 in unimpaired working capital. The Corporation has been in compliance with this requirement throughout the year.

The Corporation currently monitors its capital requirement based on its current working capital, projected cash flow from operations and anticipated capital expenditures. There has been no change in the corporation's capital management objectives from prior years.

11. Legal claims

The Corporation is party to various claims and proceedings arising in the normal course of business. Management does not expect these matters to have a material adverse effect on the corporation's results of operations or financial position.

12. Subsequent events

There were no subsequent events that will have a material impact on the financial statements.

ATE AND CERTIFICATE OF THE ISSUER AND PROMOTER
Dated the 15th day of January, 2019.

This Offering Memorandum does not contain a misrepresentation.

GINKGO MORTGAGE INVESTMENT CORPORATION

Ronald Lee, Director, President and COO	Henry Tse, Director, CEO and CFO

IBROKERPOWER CAPITAL INC.

Ronald Lee, Director and President	Henry Tse, CEO

Statements made in this Offering Memorandum are those of the Corporation. No person is authorized to give any information or to make any representation in connection with this offering other than as referred to in this Offering Memorandum, and any information or representation not referred to in this Offering Memorandum must not be relied upon as having been authorized by the Corporation.