OFFERING MEMORANDUM

VWR CAPITAL CORP.

Date: **October 31, 2016**

The Issuer

Name:		**VWR Capital Corp.**
Head office:	Address:	**Suite 111, 20434 – 64th Avenue, Langley, British Columbia**
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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:	**Class "A" Preferred Non-voting (redeemable) Shares** (New investors without any shares must also purchase one Common Share for $1.00)
Price per security:	**$1.00 per Share**
Minimum offering:	**There is no minimum. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**
Maximum offering:	**$100,000,000 (100,000,000 Shares)** plus proceeds from sale of any Common Shares.
Minimum subscription amount:	**$100**
Payment terms:	**The subscription price for Shares being purchased is payable in full by the closing.** See Item 5.2 "Subscription Procedure".
Proposed closing date(s):	**December 1, 2016, February 28, 2017 – June 1,2017 – September 1,2017** If we do not require the funds, we may not have one or more of these closings.
Income tax consequences:	**There are important tax consequences to these securities. See Item 6 "Income Tax Consequences and Registered Plan Eligibility".**

Selling agent?............................ **No**

Resale restrictions

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

Purchaser's rights

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 "Purchasers' Rights".

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

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Item 1 – USE OF AVAILABLE FUNDS

1.1 Funds

The funds that will be available to us from the offering, together with the funds estimated to be available from other sources, are set out in the following table.

	Description	Assuming	
		Minimum Offering	**Maximum Offering**
A	Amount to be raised by this offering (1)	$ 100	$ 100,000,000
B	Selling commissions and fees	0	0
C	Estimated offering costs (legal, accounting, audit, etc.)	10,000	15,000
D	**Available funds: D = A - (B+C)**	**($ 9,900)**	**$ 99,985,000**
E	Additional sources of funding required (available) Cash on hand (2) Credit facility (3)	 0 2,476,818	 0 2,476,818
F	Working capital deficiency (4)	0	0
G	**Total: G = (D+E) – F**	**$2,466,918**	**$102,461,818**

(1) Excluding proceeds from the sale of Common Shares.

(2) Cash on hand as at the date of this Offering Memorandum.

(3) Balance available under our credit facility, excluding a temporary increase of $9.5 million, as at the date of this Offering Memorandum. The balance available depends on the amount of qualifying mortgage loans we hold, therefore, the full amount under the credit facility may not be available. Furthermore, it is unlikely we will borrow the full amount available under the credit facility. See Item 2.2 “Description of our Business – Credit Facility”.

(4) We do not have and do not expect to have a working capital deficiency.

1.2 Use of Available Funds

We intend to use the funds available to us from the 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 (1) (Listed in order of priority)	Assuming	
	Minimum Offering	**Maximum Offering**
Investment in residential, commercial, development and bare land mortgages (2)	$ **2,466,918**	$ **102,461,818**
TOTALS	**$ 2,466,918**	**$ 102,461,818**

(1) Our revenue from operations has been, and we expect it to continue to be, sufficient to cover our operating costs.

(2) Partial repayment of our credit facility from the net proceeds of the offering will allow us to borrow an equal or possibly larger (due to our ability to leverage funds borrowed) amount from the facility and invest it in mortgages. See Item 2.2 “Description of our Business – Credit Facility” and Item 4.2 “Share Capital – Long Term Debt”.

1.3 Reallocation

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

Item 2 – OUR BUSINESS

2.1 Structure

We were incorporated as a company under the *Company Act* (British Columbia) on October 18, 1993. On January 28, 2005, we became subject to the *Company Act's* successor statute, the *Business Corporations Act* (British Columbia).

2.2 Description of Our Business

Overview

We are a "mortgage investment corporation" (a "**MIC**"). Our business involves making loans secured by mortgages on real estate in Canada. Our borrowers are located in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

As a MIC, we make a diversified range of residential real estate loans, and a small number of other real estate (raw land, development and commercial) loans, all secured by first and second mortgages, and a very small number of third mortgages, on real estate properties. We earn most of our income from the interest paid pursuant to these mortgages along with renewal fees, pre-payment penalties, performance bonuses and other fees and charges related to such mortgages. The balance of our income is earned from short term rental of properties we acquire from foreclosures under mortgages held by us and capital gains when such properties are sold.

We are registered (licenced) as a mortgage broker in British Columbia. The Office of the Registrar of Mortgage Brokers at the [British Columbia] Financial Institutions Commission regulates the mortgage brokering and lending activities of MICs under the *Mortgage Brokers Act* (British Columbia). The Registrar and the *Mortgage Brokers Act* do not regulate the capital raising and investment marketing activities of MICs which are subject to securities legislation and regulation.

We are also licenced as a mortgage broker in Alberta. In Saskatchewan, Manitoba and Ontario we are exempt from registration and licencing or carry on business through registered or licenced mortgage brokers. We may change the provinces in which we make loans depending on financial results from each province.

Taxation of MICs

Under the *Income Tax Act* (Canada), a MIC is not taxed on its net income earned and capital gains realized during a financial year if such net income and one-half of such capital gains are distributed to the MIC's shareholders within 90 days of the financial year end. Therefore, to qualify as a MIC and receive this favourable tax treatment, we annually distribute all of our net income and one-half of our capital gains to our Preferred Shareholders. The annual distribution is paid, at the election of each Preferred Shareholder, in cash or in further Preferred Shares within 90 days of our financial year end. These distributions are subject to tax as described in Item 6 "Income Tax Consequences and Registered Plan Eligibility".

Businesses we are Permitted to Conduct as a MIC

To qualify as a MIC we are also restricted by the *Income Tax Act* to carrying on the following activities:

(a) our business must be passive and of an investment nature (accordingly, we cannot manage or develop residential or commercial real estate properties other than incidental management thereof – such as management of properties acquired by foreclosure); and

(b) our only business can be the investing of funds.

Furthermore, such investments are subject to the following restrictions:

(a) at least 50% of the cost amount of all of our assets must consist of bank deposits or debts secured on Canadian homes or housing projects;

(b) no more than 25% of the cost amount of all of our assets can consist of ownership of, or lease interests in, real estate unless acquired through foreclosure;

(c) we cannot invest our funds in

  (i) real estate located outside Canada or in leasehold interests in such real estate,

  (ii) debts of persons not resident in Canada unless the debt is secured by a mortgage on real estate located within Canada, and

  (iii) shares of corporations not resident in Canada;

(d) our net leveraging (the ratio of the amount of our outstanding liabilities to the amount by which the cost of our assets exceeds our liabilities) cannot exceed a 3:1 ratio unless more than two-thirds of our investments are in residential mortgages and bank deposits, in which case it is entitled to be no more than a 5:1 ratio. (The terms of our credit facility, however, impose more stringent restriction on our leverage as described under "Credit Facility" below.)

Investment Policy

Our investment policy is intended to enable us to qualify for the special tax treatment afforded to MICs under the *Income Tax Act*. For this reason, we will invest most of our funds in residential mortgage loans and the balance held in bank deposits. We may also invest our funds in construction, commercial and interim mortgage loans, however, we rarely do so. No funds will be loaned in respect of any property in which our directors or officers have a direct or indirect interest.

We believe the types of mortgage loans in which we have invested, and will invest in, are consistent with the criteria for a MIC under the *Income Tax Act*. While we meet these criteria we should be accorded the "flow through" tax treatment given to MICs. That treatment results in us not being taxed on any of our net income, all of which is distributed to our Preferred Shareholders by the end of each financial year through quarterly distributions (**which distributions are taxed, pursuant to the *Income Tax Act*, as interest income in the hands of the Preferred Shareholders and not as dividends**).

Operating Policy

Any residential loans made by us will be secured by first or second mortgages although, in very few cases, we may accept third mortgages as security (for such third mortgage loans, both the first and second mortgages are usually held by the same financial institution). Loans are limited to 75% of the appraised value of the mortgaged property (the “loan to value ratio”) less the amount of any prior mortgages. We may occasionally exceed 75% of the appraised value in order to secure the priority of our mortgage or otherwise effect a workout of the borrower’s indebtedness. The maximum term of the loans can be up to three years but generally will be made for a one year term only.

Independent appraisals are required before the approval of most mortgage loans. The loans are only made where such appraisals and all other relevant materials including, where appropriate, credit, financial and economic reports are satisfactory to our Manager. See “Manager” below.

While we will make loans relating to property outside of major urban centres, we significantly increase the requirements potential borrowers must meet before making loans secured by properties in such areas to ensure protection of our capital. On that basis we have made loans in rural areas of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

We exercise caution to ensure no significant mortgage loans are or will be made to any one borrower or for any one project. As our capital base has grown, what constitutes a “significant mortgage loan” has increased to loans (including several loans to one borrower) of generally not more than $2,500,000 as at the date of this Offering Memorandum. However, in the appropriate circumstances, we may make loans which exceed these amounts.

Credit Facility

We have arranged a revolving demand credit facility with The Toronto-Dominion Bank (“**TD Bank**”) so we can seek to optimize our earnings through reasonable leverage. This credit facility allows us, if our capital base is sufficient to satisfy TD Bank, to borrow additional funds with which we can make further mortgage loans and thereby leverage our capital base.

Our credit facility with TD Bank allows us to borrow up to the lesser of $50,000,000 or 75% of our eligible mortgages (described in the next paragraph) which we have pledged to TD Bank as security. Funds borrowed are repayable on demand being made therefor by TD Bank. Effective September 9, 2016TD Bank authorized a temporary increase in our credit facility to $59,500,000 until February 15, 2017 and reducing to $55,000,000 from February 16, 2017 to March 31, 2017.

We may borrow funds under this facility in two ways, namely, by way of:

- demand loans in respect of which interest is charged to us on the outstanding balance at TD Bank prime rate (2.70% as at the date of this Offering Memorandum) plus 0.75% per year; or

- banker’s acceptances (evidences of indebtedness, like promissory notes, issued and sold by TD Bank through the financial markets to third parties, in respect of monies borrowed by us) in respect of which TD Bank charges us a percentage discount (based on current market rates for short term financial instruments), as well as a 2.15% “stamping fee” when the funds are advanced.

Depending on the current interest rate, it may be advantageous for us to borrow by way of a banker acceptance instead of under the demand loan. For example, if we borrow $100,000 under a banker acceptance (they are restricted to terms of 30 to 180 days, however, to simplify this example we are using an annual rate) the stamping fee will be $2,150 (2.15%) and the discount might be $1,100 (1.10%) so we will receive $96,750, being the $100,000 less the 2.15% stamping fee and 1.10% discount, but will have to pay TD Bank the full $100,000 on maturity of the banker’s acceptance. If the sum of the 2.15% stamping fee and 1.10% discount is less (on a yearly basis) than the prime rate (2.70% as at the date of this Offering Memorandum) plus 0.75%, we will borrow the required funds through banker’s acceptances since our interest payments will be less than if we borrowed through demand loans.

The banker's acceptances can be converted into fixed term loans of up to two years. At the date of this Offering Memorandum, any banker's acceptances converted into term loans are shown in Item 4.2 "Current and Long Term Debt".

Eligible mortgages consist of first and second mortgages having a term of no more than two years on residential properties (subject to no more than two properties per borrower) on houses, condominiums, townhouses and apartment buildings. The properties must be in major urban centres of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. TD Bank requires us to obtain its written approval to include as an eligible mortgage any mortgage of more than $500,000 on a residence or any mortgage of more than $300,000 on serviced residential land without a residence. Furthermore, an eligible mortgage, together with prior financial encumbrances (such as a first mortgage), cannot exceed either $750,000 or 75% of the appraised market value. Mortgages which are on (i) residential properties and are more than 60 days in arrears of any payments, (ii) commercial, industrial or recreational properties, or (iii) undeveloped land, do not qualify as eligible mortgages. The facility requires second mortgages not exceed 40% of our mortgage portfolio. We also make loans to parties that do not qualify as eligible mortgages, however, we always ensure that we have sufficient eligible mortgages to satisfy the terms of our credit facility.

We are required to provide TD Bank with our annual audited financial statements and confirmation of ownership of our shares by our President and Chief Executive Officer ("CEO"), D. (Dougal) B. Shewan, within 120 days of our financial year end, unaudited interim financial statements within 45 days of each financial quarter end, and a monthly summary of our mortgage portfolio and compliance certificate within 30 days of the month end. TD Bank also requires us to advise it of any changes in our lending policy and prohibits us from granting a security interest over our assets, or incur additional indebtedness to, another party without TD Bank's consent. While we are permitted by the *Income Tax Act* to leverage our capital up to a 3:1 ratio (or in certain circumstances, a 5:1 ratio) TD Bank restricts our borrowing such that the leveraging (our debt to tangible net worth (debt to equity) ratio) is not more than a 1:1 ratio on eligible mortgages.

Our credit facility is secured by General Security Agreements over all of our assets and a General Hypothecation of Collaterals.

The facility is reviewed annually and not less than 10% of the mortgages are audited. We pay TD Bank a monthly fee of $300 for administering the facility, a $15,000 annual renewal fee and a further non-utilization fee if we fail to draw down at least $15,000,000 of the facility.

Credit Committee

Our Board of Directors has appointed a Credit Committee consisting of 10 persons. The Committee is independent from our Manager and includes three of our directors (Kenneth C. McPherson, James H. Dunnigan and Evan A. Brett) and a former director (Jonathan B. Young). While their backgrounds are varied, all members have the necessary skills that enable them to carry out their duties, such as experience in banking, real estate and finance. Members of the Committee are not paid any fee for their services.

All loans funded by us are reviewed bi-monthly by two members of our Credit Committee. Furthermore, one or more of our directors may carry out random "spot" checks of our loan files to ensure that we follow our Operating Policy in making our loans.

Manager

To provide for the management of our business we have entered into a Management Agreement dated October 27, 2015 (which became effective on January 1, 2016 and expires on December 31, 2021) with

596466 BC Ltd. which is majority-owned by our President and CEO, D. (Dougal) B. Shewan of Langley, British Columbia.

Under the Management Agreement, the numbered company acts as our Manager and is required to provide mortgage investment and management services to us, including:

(a) administering mortgage loans on our behalf within investment parameters established by our Board of Directors;

(b) carrying out our day-to-day administration;

(c) providing monthly reports on our operations to our Board of Directors;

(d) communicating with our shareholders and answering shareholder queries;

(e) preparing accounting information for our auditor; and

(f) furnishing us with all necessary administrative services including providing office space, clerical staff and maintaining books and records, all to the extent required in connection with the services that our Manager is required to render under the Management Agreement.

The Management Agreement provides that our Manager will be paid a monthly fee for its management services equal to 0.1167% (1.40% per year) of our "mortgage receivables" (the total of the outstanding principal amounts due under all mortgages held by us) as of the last working day of each month. From this amount, our Manager remunerates Mr. Shewan and our Chief Financial Officer ("CFO"), Marni L. Stuehmer, Chief Operating Officer ("COO"), Dimitri Kosturos, and other employees as well as pays our office rent and costs of Internet service, travel, lodging, meals and other costs of promoting our business such as attending trade shows and the costs of maintaining our business and accounting books and records. Payment to our Manager is made immediately after our month-end upon receipt of an account from it.

We are also required to reimburse our Manager for its reasonable and necessary out-of-pocket disbursements (excluding wages and the cost of office space, telephone, power, Internet service and maintenance of our books and records) incurred in connection with administering our business. Such disbursements are only paid once approved by us.

We have agreed to indemnify our Manager from all claims incurred in respect of the origination, administration and servicing of our mortgage portfolio except those caused by our Manager's negligence, fraud or willful misconduct. Our Manager has agreed to indemnify us from any claims, losses, damages, costs and expenses suffered by us as a result of its negligence, fraud or willful misconduct. This Agreement is not assignable without the consent in writing of the non-assigning party, which consent may be withheld in its sole discretion.

Our Manager does not participate in mortgage brokerage fees or commissions paid in connection with mortgage loans made by us to borrowers introduced by third party mortgage brokers.

2.3 Development of Our Business

Since its inception in late 1993, our business has grown steadily as a result of our prudent and conservative lending practices. We believe this growth has resulted in acceptable rates of return on our invested capital relative to alternative investment opportunities for our shareholders. When borrowers default under their mortgage loans, we work through the foreclosure process with the goal of minimizing any significant losses. This has allowed us to provide fairly consistent rates of return for our shareholders commensurate with market conditions.

The growth of our mortgage portfolio as at our August 31st financial year end in each of the past six financial years is set out in the following table.

Mortgage	2016			2015			2014		
	No.	Percent*	Principal	No.	Percent*	Principal	No.	Percent*	Principal
First	666	83.71	$ 200,545,365	572	84.71	$ 158,329,527	526	84.37	$ 144,972,455
Second	370	15.20	36,414,237	292	13.92	26,092,338	263	14.21	24,408,321
Third	22	1.09	2,604,149	25	1.37	2,558,003	23	1.42	2,440,913
Totals	1,058		**$ 239,563,751**	889	100.00	**$ 186,979,868**	812	100.00	**$ 171,821,689**
Weighted Average Interest Rate			**8.22%**			**8.55%**			**8.79%**
Mortgage	**2013**			**2012**			**2011**		
	No.	**Percent***	**Principal**	**No.**	**Percent***	**Principal**	**No.**	**Percent***	**Principal**
First	451	78.43	$ 124,416,603	354	74.64	$ 107,047,381	284	67.53	$ 74,724,359
Second	295	19.43	30,830,491	298	24.03	34,467,566	269	31.89	35,284,286
Third	23	2.14	3,390,231	20	1.33	1,908,469	10	0.58	637,268
Totals	769	100.00	**$ 158,637,325**	673	100.00	**$ 143,423,416**	563	100.00	**$ 110,645,913**
Weighted Average Interest Rate			**9.06%**			**9.18%**			**10.48%**

* Of total principal amount

During our last financial year we funded 640 mortgage loans totalling over $166,289,000 as follows:

Province	First Mortgages			Second Mortgages			Third Mortgages		
	No.	Percent*	Principal	No.	Percent*	Principal	No.	Percent*	Principal
British Columbia	172	56.73	78,868,416	122	62.52	13,957,734	9	86.25	1,500,000
Alberta	38	7.21	10,030,718	9	3.59	915,711	0	0.00	0
Saskatchewan	27	3.30	4,591,472	5	1.10	279,500	0	0.00	0
Manitoba	21	2.24	3,115,468	8	1.49	379,390	0	0.00	0
Ontario	144	30.51	42,420,731	83	31.31	7,991,007	2	13.75	239,140
Totals	**402**	**100.00**	**$ 139,026,805**	**227**	**100.00**	**$ 25,523,342**	**11**	**100.00**	**$ 1,739,140**

* Of total principal amount

As at the date of this Offering Memorandum, we held 1057 mortgages as security for loans totalling over $239,675,000 as follows:

Province	First Mortgages			Second Mortgages			Third Mortgages		
	No.	Percent*	Principal	No.	Percent*	Principal	No.	Percent*	Principal
British Columbia	247	47.42	94,635,393	181	53.45	20,026,512	14	73.65	1,954,380
Alberta	136	19.12	38,145,022	53	12.62	4,729,612	4	11.86	314,659

Province	First Mortgages			Second Mortgages			Third Mortgages		
	No.	Percent*	Principal	No.	Percent*	Principal	No.	Percent*	Principal
Saskatchewan	32	2.59	5,162,767	13	2.66	996,608	0	0	0
Manitoba	63	5.26	10,497,393	18	2.29	858,664	0	0	0
Ontario	**176**	25.61	51,111,838	116	28.98	10,857,753	4	14.49	384,541
Totals	**654**	**100.00**	**$ 199,552,413**	**381**	**100.00**	**$ 37,469,149**	**22**	**100.00**	**$ 2,653,580**

* Of total principal amount

As of the date of this Offering Memorandum, there were 15 mortgages over $1,000,000 which in total represents 8.9% of the mortgage portfolio, and one mortgage over $2,000,000 representing 0.9% of the total mortgage portfolio.

The ratio of the value of each loan to the appraised value of the property varies, but rarely exceeds 75%. Substantially all of the loans are secured by mortgages on residential properties, although we do, from time to time, make loans secured by mortgages on commercial and development properties and on bare land.

As of the date of this Offering Memorandum, there were 11 mortgages (1.05% of our mortgages) with principal amount totalling $4,046,000 (1.69% of our total loan principal) in foreclosure, 20 delinquent mortgages (1.89% of our mortgages) with principal amount totalling $5,248,000 (2.19% of our total loan principal) and six additional mortgages (0.57% of our mortgages) with principal amount totalling $2,262,000 (0.94% of our total loan principal) that were impaired. Mortgages classified as delinquent are mortgages for which interest and principal payments are at least 90 days in arrears. Mortgages classified as impaired include mortgages for which the underlying security is considered inadequate to recover all costs. Estimated realizable amounts are determined by the estimated fair market value of the security underlying the mortgages after deducting estimated costs of realization. Our management anticipates possible losses may occur and therefore a loan impairment provision of $826,920 has been recorded.

The impairment of the mortgages noted above is based on valuations by independent appraisers accredited by professional institutes with recent experience in the location of the property being valued and by direct sales comparisons where the fair value is based on comparisons to recent sales of properties of similar types, locations and quality.

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.

The average return which our shareholders receive on their investments is determined annually by our auditor as at our August 31st financial year end. The effective annual yield on adjusted share capital for our shareholders for the past six financial years is set out in the following table.

Distributions paid in	2016	2015	2014	2013	2012	2011
Shares	9.01%	8.96%	8.72%	8.97%	8.77%	10.24%
Cash	8.80%	8.75%	8.50%	8.74%	8.53%	9.97%

Since the inception of our business, the average rate of return, assuming re-investment of distributions into shares, has been 10.59%. All of our cash distributions for the six financial years shown were, and we expect future distributions to continue to be, funded from our operating activities and funds re-invested through our share re-investment plan, and none were funded from bank borrowings, share subscriptions from our investors or other sources.

The rates of return are averages for all of our shareholders and may not reflect the return received by any one investor. There is no guarantee that such rates of return will continue or that investors will receive similar returns in future years. The factors which affect the rate of return are described in Item 8 "Risk Factors".

2.4 Long Term Objectives

We have two long term objectives.

Firstly, to continue the development of our business and an orderly and consistent growth of our earnings and assets and operations in accordance with prudent commercial lending practices while minimizing both risk to our capital base and the number of foreclosures which must be completed when borrowers default under their mortgage loans.

Secondly, to continue to achieve a healthy return on capital. Continuing record low interest rates and competition from other MIC lenders has resulted in our expected returns being in the range of 6% to 10% per year.

There cannot be any assurance, however, that we will meet either objective. See Item 8 "Risk Factors".

2.5 Short Term Objectives and How We Intend to Achieve Them

Our objectives for the next 12 months are the same as our long term objectives set out in Item 2.4 "Long Term Objectives". We intend to meet those objectives for the next 12 months as set out in the following table.

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**	
		Minimum Offering	Maximum Offering
Carry out the offering as described in this Offering Memorandum.	Next 12 months	$ 10,000	$ 15,000
Use the offering proceeds to provide mortgage loans with a reasonable and manageable level of risk in accordance with our existing lending practices.	Next 12 months	0	$ 99,985,000

2.6 Insufficient Funds

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 business.

2.7 Material Agreements

We are a party to the following contracts with related parties and material contracts:

(a) Management Agreement dated October 27, 2015 with 596466 BC Ltd. See Item 2.2 "Description of Our Business – Manager"; and

(b) Demand Operating Facility Agreement dated March 23, 2015, as amended September 9, 2016, and General Security Agreement and General Hypothecation of Collaterals thereunder, with TD Bank. See Item 2.2 "Description of our Business – Credit Facility".

Item 3 – INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table discloses the compensation paid to, and securities held by, each of our directors, officers and promoters and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of our voting securities (a "**Principal Holder**").

Name & Municipality of Principal Residence	Positions Held & Date Appointed	Compensation Paid & Payable (1) Last Year (Current Year)	Number, Type & Percentage of Our Securities held (2) after completion of the:	
			Minimum Offering	Maximum Offering (3)
BRETT, Evan A.(4) Langley, BC	Secretary October 25, 2016 Director November 26, 2002	0 (0)	1 common (0.15%) 20,287 preferred (0.01%)	1 common (0.15%) 20,287 preferred (0.01%)
CHADNEY, Arnold P.(5) Langley, BC	Director January 29, 1998	0 (0)	1 common (0.15%) 192,232 preferred (0.10%)(7)	1 common (0.15%) 192,232 preferred (0.07%)(7)
DUNNIGAN, James H.(4) West Vancouver, BC	Director November 30, 2010	0 (0)	1 common (0.15%)(8) 1,220,000 preferred (0.65%)(8)	1 common (0.15%)(8) 1,220,000 preferred (0.42%)(8)
EDEN, Cary W. Abbotsford, BC	Director December 3, 2007	0 (0)	2 common (0.30%) 842,089 preferred (0.45%)(9)	2 common (0.30%) 842,089 preferred (0.29%)(9)
KOSTUROS, Dimitri Langley, BC	COO October 25, 2016	0 (6) (0) (6)	1 common (0.15%) 89,077 preferred (0.05%)	1 common (0.15%) 89,077 preferred (0.03%)
McPHERSON, Kenneth C.(4)(5) Mission, BC	Director January 26, 1995	0 (0)	4 common (0.60%) 2,056,359 preferred (1.12%)	4 common (0.60%) 2,056,359 preferred (0.72%)
SHEWAN, D.(Dougal) B.(5) Langley, BC	CEO October 25, 2016 President & Director February 17, 1994	0 (6) (0) (6)	1 common (0.60%) 9,371,273 preferred (5.02%)(10)	1 common (0.60%) 9,371,273 preferred (3.27%)(10)
STUEHMER, Marni L. Surrey, BC	CFO October 25, 2016	0 (6) (0) (6)	1 common (0.15%) 239,276 preferred (0.13%)(11)	1 common (0.15%) 239,276 preferred (0.08%)(11)
ZACHER, Gordon J. Langley, BC	Director December 2, 2008	0 (0)	1 common (0.15%) 750,000 preferred (0.40%)	1 common (0.15%) 750,000 preferred (0.26%)

(1) Paid by us or a related party in our last financial year. Amounts shown in parentheses are the compensation expected to be paid in the current financial year.

(2) Shares beneficially held, directly or indirectly, or which control or direction is exercised, by each person and does not include shares held jointly with a spouse. Amounts are subject to variation depending on the share purchases and redemptions during the term of the offering.

(3) Calculated on the basis of the number of shares of each class held and assuming no Common Shares are sold. The final allocation between Common and Preferred Shares of the shares issued and the total number of shares issued will depend on the number of subscriptions from new and existing investors. We are unaware whether our directors and officers will purchase any shares in the offering.

(4) Member of our Credit Committee. See Item 2.2 "Description of Our Business – Credit Committee".

(5) Member of our Nominating Committee, which is responsible for recommending persons for election to our Board of Directors.

(6) Remunerated by 596466 BC Ltd. See Item 2.2 “Description of Our Business – Manager”.

(7) Arnold P. Chadney has control and direction over a further 134,338 Preferred Shares, beneficially owned by his spouse, and jointly owns a further 1,211,557 Preferred Shares with his spouse.

(8) James H. Dunnigan owns a further 866,126 Preferred Shares and one Common Share jointly with his spouse.

(9) Cary W. Eden has control and direction over a further 1,090,968 Preferred Shares, beneficially owned by his spouse.

(10) D. (Dougal) B. Shewan has control and direction over a further 1,473,951 Preferred Shares in trust for the benefit of the Shewan Foundation.

(11) Marni L. Stuehmer has control and direction over a further 33,613 Preferred Shares in trust for the benefit of her children, and jointly owns a further 15,571 Preferred Shares with her spouse.

3.2 Management Experience

The principal occupations of our directors and executive officers over the past five years and any relevant experience in a business similar to ours are set out in the following table.

Name & Position	Principal Occupation for last five years and Related Business Experience
BRETT, Evan A. Secretary & Director	Retired realtor and real estate broker Formerly commercial realtor with Royal LePage Wolstencroft Realty (July 1974 to May, 2014) and residential realtor (1972 to July 1974) and real estate broker (1974 to 2014) Formerly a director of Homewood Mortgage Investment Corp. (1982 to 1989) and Fraser Valley Real Estate Board (1981 to 1990)
CHADNEY, Arnold P. Director	Retired Professional Engineer
DUNNIGAN, James H. Director	Retired Banker Formerly a Vice President of TD Bank (1977 to 2009), including VP, Commercial Banking, British Columbia (1998 to 2009)
EDEN, Cary W. Director	Chartered Accountant since January 1982 Partner of MNP LLP (accounting firm)
KOSTUROS, Dimitri Chief Operating Officer	Chief Operating Officer (since October 25, 2016) and formerly Vice-President (August 14, 2012 to October 25, 2016) of VWR Capital Corp. Registered Mortgage Broker since July 2010. Past President (since September 2015), and formerly President (September 2014 to September 2015), Director (September 2012 to September 2013) and Vice-President (September 2013 to September 2014) of British Columbia MIC Managers Association (industry, governance and advocacy organization for the MIC industry)
McPHERSON, Kenneth C. Director	Real estate developer and investor since 1990

Name & Position	Principal Occupation for last five years and Related Business Experience
SHEWAN, D. (Dougal) B. President, CEO & Director	Realtor and registered Mortgage Broker since 1976 President (since February 1994) and Chief Executive Officer (since October 25, 2016) of VWR Capital Corp. President and owner of Valley Financial Specialists Inc. (doing business as Dominion Lending Centres Valley Financial Specialists), a registered or licenced mortgage broker in British Columbia and Alberta, since July 2004 Member of the Real Estate Institutes of British Columbia and Canada, Mortgage Brokers Association of British Columbia and Fraser Valley Real Estate Board Director (since January 2016), Real Estate Special Compensation Fund Formerly Chairman (January 2013 to December 2013) of the Board of Directors and Director (January 2008 to December 2013) of the British Columbia Real Estate Errors and Omissions Corporation Formerly Chair and member of the Real Estate Council of British Columbia (regulatory agency for the real estate industry) (July 2000 to June 2006) Formerly President, owner and managing Real Estate Broker of Shewan Real Estate Ltd. (real estate brokerage and property management firm) doing business as Royal LePage Wolstencroft Realty (1979 to 2012)
STUEHMER, Marni L. Chief Financial Officer	Chief Financial Officer (since October 25, 2016) and formerly Controller (September 1, 2012 to October 25, 2016) of VWR Capital Corp. Chartered Professional Accountant (British Columbia) since March 2012 Member of Association of Chartered Certified Accountants since June 2010 Chartered Professional Accountant (Canada) since September 2002
ZACHER, Gordon J. Director	Retired Chartered Accountant Formerly President of Preston Ventures Ltd. (private holding company) (January 2006 to March 31, 2013) Formerly Partner BDO Dunwoody LLP (1975 to December 2005)

3.3 Penalties, Sanctions and Bankruptcy

None of our directors, executive officers or control persons or issuers of which they were a director, executive officer or control person at the time, has been any time during the last 10 years:

(a) subject to any penalty or sanction;

(b) subject to any cease trading order in effect for more than 30 consecutive days; or

(c) the subject of any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets,

except for one of our directors, Evan A. Brett, who is the Secretary and a director of Gemco Minerals Inc., the shares became subject to cease trade orders issued by the British Columbia Securities Commission on:

(a) August 22, 2007 due to Gemco’s failure to prepare an offering memorandum containing a geological report, both in the form required under British Columbia securities law. This cease trade order was revoked on March 18, 2008 after Gemco filed an offering memorandum and geological report in the proper form; and

(b) May 10, 2010 due to Gemco`s failure to file financial statements and management`s discussion and analysis respecting such financial statements. This cease trade order has not been revoked.

Gemco is a mineral exploration company based in Langley, British Columbia the shares of which used to trade on the OTC Bulletin Board in the United States of America. The registration of Gemco's securities was rescinded by the United States Securities and Exchange Commission on August 1, 2014 due to it failing to make any required filings with the SEC since January 2010.

3.4 Loans

We are not indebted to any of our directors, management, Principal Holders or promoters, nor are any of them indebted to us, for any loans.

Item 4 – CAPITAL STRUCTURE

4.1 Share Capital

Our share capital is set out in the following table.

Description of Security (1)	Number Authorized to be Issued	Price per Security	Number outstanding as at the date of this Offering Memorandum	Number outstanding after the Minimum Offering	Number outstanding after the Maximum Offering (2)
Common Shares	unlimited	$1.00	654	654	654
Class "A" Preferred Non-voting Shares	unlimited	$1.00	186,833,040	186,833,040	286,833,040 (3)

(1) There are not any options, warrants or other securities convertible into Common Shares or Preferred Shares.

(2) Assuming no Common Shares are sold. The final amount of, and allocation between, Common Shares and Preferred Shares issued will depend on the number of new and existing investors and amount of subscriptions received.

(3) Assuming the issuance of Preferred Shares in lieu of payment in cash for the balance of the annual distribution of our net profits for the preceding financial year. See footnote (1) of Item 4.3 "Prior Sales".

4.2 Current and Long Term Debt Securities

Our current and long term indebtedness is set out in the following table.

Description of Debt & Whether Secured (1)	Interest Rate (annual)	Repayment Terms	Amount Outstanding as at the Date of this Offering Memorandum
Current			
Demand Loan	TD Bank Prime + 0.75%	Interest payable monthly & Principal repayable on demand	$ 4,571,587
Banker's Acceptances	3.13%	Repayable in 30 days	$ 42,951,595
Term Loans	–	–	0

Description of Debt & Whether Secured [(1)]	Interest Rate (annual)	Repayment Terms	Amount Outstanding as at the Date of this Offering Memorandum
Long Term			
Term Loans	–	–	0

(1) All loans are secured as described in Item 2.2 "Description of our Business – Credit Facility".

4.3 Prior Sales

Within the past 12 months, we have issued Common Shares and Preferred Shares (and no securities convertible or exchangeable into Common Shares or Preferred Shares) as set out in the following table.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
February 29, 2016	Common	11	$1.00	$ 11
	Preferred	8,067,753	$1.00	$ 8,067,753
June 1, 2016	Common	62	$1.00	$ 62
	Preferred	15,903,725	$1.00	$ 15,903,725
September 1, 2016	Common	43	$1.00	$ 43
	Preferred	6,762,358	$1.00	$ 6,762,358
September 1, 2016 [(1)]	Preferred	11,587,371	$1.00	$ 12,974,366
Totals	**Common**	**116**	**$1.00**	**$ 116**
	Preferred	**43,708,202**	**$1.00**	**$ 43,708,202**

(1) Assuming the issuance of Preferred Shares in lieu of payment in cash for the balance of the annual distribution of our net profits for the preceding financial year.

4.4 Redemption History

During our last two financial years and subsequent period to the date of this Offering Memorandum, we have redeemed the following Common Shares and Preferred Shares:

Financial Year	Redemption Requests							
	Opening Outstanding Requests		Received during Financial Year		Paid Out during Financial Year		Ending Outstanding Requests	
Common Shares								
2015	0	$ 0	28	$ 28	28	$ 28	0	$ 0
2016	0	$ 0	12	$ 12	12	$ 12	0	$ 0
2016 [(1)]	0	$ 0	6	$ 6	6	$ 6	0	$ 0
Preferred Shares								
2015	0	$ 0	120	$ 6,886,545	120	$ 6,886,545	0	$ 0
2016	0	$ 0	133	$ 3,961,463	133	$ 3,961,463	0	$ 0
2016*	0	$ 0	26	$ 1,323,963	26	$ 1,323,963	0	$ 0

(1) Financial period from September 1, 2016 to the date of this Offering Memorandum.

We paid all redemption requests in full using our cash on hand and, if necessary, funds available from our credit facility. We expect redemptions to continue approximately as they have for the last two financial periods and do not expect that such redemptions will cause any adverse effect on our operations or payment of income distributions.

Item 5 – SECURITIES OFFERED

5.1 Terms of Securities

The securities being offered for sale by this Offering Memorandum are Class "A" Preferred Non-voting shares with a par value of $1.00 each (a "**Preferred Share**") in our share capital. New investors must also each purchase one common share with a par value of $1.00 (a "**Common Share**") in our share capital.

All of our shares issued to date are, and those issued pursuant to this Offering Memorandum shall be, fully paid and non-assessable.

Voting

Each Common Share has one vote at every meeting of shareholders. Our Preferred Shares do not have any right to vote except in respect of any amendment to their special rights and privileges.

Distribution of Profits

Each financial year we distribute to our Preferred Shareholders all of our net profits and half of our net capital gains. This is done through distributions to each Preferred Share outstanding as at the end of the quarter, the last distribution being made within 90 days after our financial year end. The distributions may be made by the issuance of further Preferred Shares or by way of cash, or a combination of both, as elected by the shareholder.

Our Common Shares are not entitled to receive any distributions of net profits or our net capital gains.

Restrictions on Ownership

The *Income Tax Act* imposes significant penalties on investments by Registered Retirement Savings Plans (RRSP) and Tax Free Savings Accounts (TFSA) if the ownership through an RRSP or TFSA by an investor and parties related to the investor equals 10% or more of the shares of a MIC. A "related party" includes the investor and anyone related to the investor by blood, marriage, "common law" partnership or adoption. **These Income Tax Act rules are complex and investors should seek advice from an accountant, investment advisor or other qualified person if the investor and the investor's related parties might jointly own 10% or more of our Preferred Shares.**

Redemption of Shares

You can require us to redeem some or all of your Preferred Shares by sending us a request for redemption so that it is received by us at least 30 days before March 1st, June 1st, September 1st or December 1st or 90 days before our financial year end of August 31st. Within 90 days of receiving such request, we shall redeem your shares at their book value at such time plus any unpaid cash distributions. If you redeem all of your Preferred Shares, we may also redeem your Common Share(s). If a shareholder dies without a surviving spouse, all Common Shares and Preferred Shares held by that shareholder will be redeemed within 90 days after the financial year in which the shareholder died.

If a planned redemption would result in us not meeting the requirements for a MIC under the *Income Tax Act* or the solvency requirements of the *Business Corporations Act*, we will only redeem such number of shares as may be necessary for us to continue to meet such requirements. During our last two financial years and up to the date of this Offering Memorandum we have paid all redemption requests in full using our cash on hand and, if necessary, funds available from our credit facility.

After appropriate notice to redeem Preferred Shares has been given to us, any unpaid cash distributions on the shares to be redeemed will only be paid in cash and may not be used to reinvest in further Preferred Shares.

Our Common Shares are not redeemable unless all of your Preferred Shares are also being redeemed. Each redemption of our shares is subject to fees of $75, payable by the shareholder.

Transferability

Both our Preferred and Common Shares are subject to restrictions on transfer:

(a) contained in our Articles (our corporate charter); and

(b) imposed by applicable securities legislation (see Item 10 “Resale Restrictions”).

Our Articles provide that a shareholder cannot transfer any of their Common Shares or Preferred Shares without the consent of our Board of Directors. No transfer of Common Shares will be approved unless the transfer also involves a transfer of Preferred Shares to the same transferee or to us. As a result, a shareholder will always be required to own one Common Share and at least one Preferred Share. These restriction do not apply to a transfer of Preferred Shares to the shareholder’s Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Deferred Profit Share Plan (DPSP), Registered Pension Plan (RPP), Registered Education Savings Plan (RESP), Tax Free Savings Account (TFSA), independent savings plan or other savings plan created by a province or the Canadian government (collectively, “**Registered Plans**”) or a Registered Plan of the shareholder’s spouse.

The *Income Tax Act* requires MICs to have no fewer than 20 shareholders and no one shareholder (including the shareholder’s spouse and children under 18, and companies controlled by any of them and the shareholder) to hold more than 25% of its issued shares. Accordingly, our Articles also prohibit any transfer of shares if it would result in us having fewer than 20 shareholders, in any one shareholder holding more than 25% of our issued shares or any other situation that would be contrary to such Act.

Each transfer of our shares is subject to fees of $75, payable by the shareholder.

Conversion

Neither our Common Shares nor our Preferred Shares are convertible into any other form of share or security.

Liquidation Entitlement

If we are liquidated, dissolved or wound-up, the proceeds after payment of all expenses and outstanding indebtedness will be paid to our Preferred Shareholders in proportion to (and up to) the amount paid to us for their Preferred Shares. If any net proceeds remain, our Common Shareholders will share in the remaining proceeds in proportion (and up to) the amount paid to us for their Common Shares. Finally, if any net proceeds still remain, our Common Shareholders and Preferred Shareholders shall equally split such remaining proceeds in proportion to the number of shares (Common and Preferred) held. Since we pay out all of our net profits each year, it is possible that on a liquidation, dissolution or winding-up our shareholders may not be paid the full amount paid for their shares.

Amendment of Terms

The terms of our Preferred Shares may only be amended with the combined approvals of (i) not less than two-thirds of our Preferred Shareholders, and (ii) Common Shareholders holding not less than two-thirds of our outstanding Common Shares.

The terms of our Common Shares may only be amended with the approval of not less than two-thirds of our Common Shareholders.

5.2 Subscription Procedure

If you wish to subscribe for our Preferred Shares (new investors must also subscribe for one Common Share), please complete and sign a Subscription Agreement, and all schedules thereto, in the form accompanying this Offering Memorandum and **return the agreement <u>to us</u> together with a certified cheque, bank draft or money order payable to "VWR Capital Corp."**, for the number of shares you wish to purchase.

All subscription funds will be held by us in trust (as required by law) for a period of at least two business days after receipt. Closing will occur effective on or about the date(s) set out on the cover of this Offering Memorandum and share certificates issued shortly thereafter. The original share certificates are kept in our office unless you subscribe for your shares through a Registered Plan, in which case the original share certificates are sent to the financial institution administering your Registered Plan. We will provide you with a copy of your share certificate for your records on your request.

There are no conditions that must be met by us before any closing occurs, however, we may, in our sole discretion, establish minimum and maximum subscription amounts by investors or accept or reject any subscription. Furthermore, if we do not require additional funds at any time, we may elect not to have a closing on one or more of the dates set out on the cover of this Offering Memorandum. If a subscription is not accepted, in whole or in part, we will return all or part of your subscription funds, without interest or deduction, as applicable.

Item 6 – INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY

6.1 Caution

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

6.2 Description of Income Tax Consequences

The following information has been prepared with assistance from our auditor, Grant Thornton LLP, Chartered Professional Accountants.

Tax Payable by Us

In general, a MIC does not pay income tax as long as it distributes its net income and any capital gains to its shareholders within 90 days after each financial year end. **When our net income and any capital gains is distributed to you, tax on that distribution is payable by you as if you had received interest income or capital gains**.

Tax Payable by You

The distributions you receive on your Preferred Shares, whether you take such distributions in cash or as new Preferred Shares, may result in you having to pay tax. The result depends on how your Preferred Shares are held.

Preferred Shares held in a Registered Plan

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

Preferred Shares held outside of Registered Plans

If you are an individual and hold your Preferred Shares outside of a Registered Plan you must declare distributions paid to you by us as taxable interest (or, in certain cases, as capital gains). This is the case whether the distributions were paid to you in cash or through additional Preferred Shares. The amount of the distribution you receive is based on the number of Preferred Shares you own. The nature of the distribution (that is, whether it is taxed as interest or as a capital gain) depends on how we initially received the funds – as interest or a capital gain. Each year we will issue a T5 reporting slip to you indicating how much of your distributions are income and how much are capital gains.

Redeeming Shares

If you redeem your Preferred Shares you will generally receive $1.00 per Share redeemed. If, however, we do not have sufficient funds to pay such amount you may receive less than $1.00 per share in which case you will realize a capital loss. Since we must annually distribute all of our profits it is unlikely you will receive more than $1.00 per Preferred Share redeemed.

In general, the capital loss will be equal to the difference between the amount you receive on the redemption (less any costs of the redemption) and the adjusted cost base ("**ACB**") of the shares (which is calculated in accordance with the requirements set out in the *Income Tax Act*). Capital losses may be applied (depending on your circumstances) to capital gains to reduce your overall tax payable. We will provide you with details on the proceeds from your redemption of our shares. However, in order to calculate your capital loss, you need to know the ACB of your shares before the redemption.

6.3 Eligibility for RRSPs and Other Registered Plans

Our Preferred Shares, if issued on the date hereof and the investor, together with the investor's related parties, owns less than 10% of our shares, would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for Registered Plans. In addition, our Preferred Shares, if issued on the date hereof, would not constitute "foreign property" for the purpose of the tax imposed under Part XI.01 of the *Income Tax Act* on the Registered Plans, registered investments and certain other tax exempt entities, including most RPPs and registered pension funds. RRSPs, RESPs and TFSAs are not subject to the foreign property rules.

Item 7 – COMPENSATION PAID TO SELLERS AND FINDERS

No person has or will receive any compensation by way of commission, corporate finance fee or finder's fee in connection with the offering.

Item 8 – RISK FACTORS

Nature of a Mortgage Investment Company

When you invest in a MIC you do so by buying its shares. The MIC then invests the money raised from you and a group of investors with similar investment objectives in mortgages that are professionally managed by the MIC.

As a result, when you buy shares of a MIC you are indirectly buying these underlying mortgages. The value of your investment is determined by the performance of these underlying mortgages so you and the investors in the MIC share in any gains or losses generated by the MIC from these mortgages.

Generally, you can sell your shares back to the MIC (in other words, the MIC will redeem your shares) in order to take your money out of the MIC. When you sell you shares back to the MIC, the value of your original investment may have increased or decreased.

How risk is related to return

Generally, there is a strong relationship between the amount of risk associated with a particular investment, and that investment's long-term potential to increase in value.

Investments that have a lower risk also tend to have lower returns because factors that can affect the value of the investment, the risks, are well known or are well controlled and have already been worked into the price of the investment. On the other hand, investments that could have potentially higher returns if conditions for success are favourable also risk generating equally higher losses if conditions become unfavourable. This is because the factors affecting the value of such investments are unknown or difficult to control.

What are the risks of investing in MICs?

Like any investment, there are risks associated with investing in MICs. The specific risks that can apply to us are explained below.

Your Investment is Not Guaranteed

Unlike bank deposits and guaranteed investment certificates (GICs) or money you have deposited in a bank account, your investment in a MIC is not guaranteed by the Canada Deposit Insurance Corporation, by any other government insurer or by us.

Your Investment will Fluctuate in Value

The value of a MIC's underlying investments changes from day to day, which in turn affects the value of the MIC. Some of the factors that can affect the value of a MIC's investments include:

(a) current economic conditions;

(b) changes in interest rates;

(c) events in financial markets; and

(d) financial conditions of the borrowers to which the MIC has advanced funds.

As a result of the changing value of the underlying mortgages, the value of your investment in a MIC can go up or down over time, and there is no guarantee that when you sell or redeem your shares in the MIC they will be worth the price you paid for them.

Your Investment is Subject to Changes in Interest Rates

MICs are subject to interest rate risk. Our mortgage investments earn a fixed rate of interest. When interest rates rise, existing investments in mortgages become less valuable because new mortgages will pay the new, higher rate of interest. Conversely, if interest rates fall, the value of an existing mortgage with a higher rate of interest will rise.

Our Borrowers are or could become a Bad Credit Risk

Our borrowers often have incomes that are seasonal or fluctuate or they may have been refused credit from banks and other traditional financial institutions. Accordingly, our borrowers may be considered to be higher risk and, as a result, there is a risk they may not be able to, or may refuse to, pay back their loans when due. We believe our lending policy is conservative and anticipate that minimal losses will be incurred. Furthermore, if a loss does occur, it will be spread over all of our capital. Nevertheless, such losses could amount to a reduction in anticipated return on your investment or, in the worst circumstances, result in you losing your entire investment.

We might be Unable to Redeem Your Shares

Under exceptional circumstances, we may suspend your right to redeem your Preferred Shares for example, if the redemption would render us insolvent or if it would cause us not to meet the requirements for a MIC under the *Income Tax Act*.

Preferred Shareholders have Restricted Voting Rights Risk

Shareholders who own only Preferred Shares are not able to vote at annual general meetings of our shareholders in respect of the election of directors and the appointment of an auditor. Only Common Shareholders are entitled to vote on such matters. However, matters specifically affecting the rights of Preferred Shareholders are subject to approval by a vote of the Preferred Shareholders.

Our Shares are Subject to Restrictions on Resale

Our Preferred Shares are not traded on any stock exchange and may not be resold to third parties, therefore, you cannot liquidate your investment through selling your Preferred Shares. See Item 10 “Resale Restrictions”.

The Loss of our Manager could Adversely Affect Our Business

We rely solely on our Manager to administer investments for us. The loss of our Manager would require us to retain another manager, possibly at a higher cost and on a less successful basis than our Manager. This would have a material adverse effect on the rate of return obtained on our capital and, therefore, on the value of your investment in our Preferred Shares.

A Change in Tax Legislation could Adversely Affect Our Business

We have been created to comply with the MIC requirements of the *Income Tax Act*. Our Preferred Shares are intended to appeal to individuals having Registered Plans such as RRSPs, RRIFs, TFSAs and RESPs. While it is not anticipated the provisions of the *Income Tax Act* respecting such Registered Plans will change, there is always the possibility that it could be altered so that our Preferred Shares would no longer be eligible investments for such plans. Such changes could have an adverse effect on your investment.

We intend our business to be operated so that it complies at all times with the requirements for MICs under the *Income Tax Act*. Failure to meet such requirements could have a material adverse effect on our financial performance.

The provisions of the *Income Tax Act* could be changed so that our profits could be taxable in our, rather than your, hands. This could affect the value of your investment, especially if you own our Preferred Shares in a Registered Plan.

Risk of Dealing with Trustees

We will deal with the trustees of Registered Plans as necessary but we will not undertake any responsibility for the administration of any self-directed Registered Plans by such trustees. The trust company of your Registered Plan may impose conditions upon us with which we are unable or unwilling to comply. As a result, your trustee may refuse to allow our Preferred Shares to be an eligible investment for your Registered Plan.

Item 9 – REPORTING OBLIGATIONS

9.1 Continuous Disclosure

We are 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.

The *Business Corporations Act* (British Columbia) requires us to hold a general meeting of our Common Shareholders in each calendar year and, at the meeting, to provide them with audited financial statements for the previous financial year. Instead of providing our annual financial statements at the meeting, we mail them to our Common Shareholders (each of whom is also a Preferred Shareholder) together with the notice for our annual general meeting of Common 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.

From time to time, we may send out on our own accord, or in response to a request from one or more shareholders, further information to all shareholders such as a reporting letter and interim financial statements.

9.2 Access to Corporate and Securities Information about Us

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 and previous offerings is available from the British Columbia Securities Commission at www.bcsc.bc.ca. Further information about us is available on our website www.vwrcapital.com or from us at the phone and fax numbers and e-mail address set out on the front cover.

Item 10 – RESALE RESTRICTIONS

10.1 Overview

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

10.2 Description of Restricted Period

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date we become a reporting issuer in any province or territory of Canada.

We are not a reporting issuer in any Canadian province or territory, we will not become a reporting issuer upon completion of the offering and we do not anticipate becoming a reporting issuer. Accordingly, the resale restriction on our Preferred Shares and Common Shares you acquire under this Offering Memorandum may never expire.

Item 11 – PURCHASERS' RIGHTS

If you purchase these securities described below. For information about your rights you should consult a lawyer.

11.1 Two Day Cancellation Right

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

11.2 Statutory Rights of Action in the Event of a Misrepresentation

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

(a) us to cancel your agreement to buy these securities; or

(b) for damages against us, our directors as at the date of this Offering Memorandum and every signatory to this Offering Memorandum.

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

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.
You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days

after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

If you sue for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that we prove does not represent the depreciation in value of the securities resulting from the misrepresentation.

11.3 Contractual Rights of Action in the Event of a Misrepresentation

If you are resident outside of Canada and the securities legislation where you are resident does not provide a comparable statutory right and there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue us:

(a) to cancel your agreement to buy these securities; or

(b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that we prove does not represent the depreciation in value of the securities resulting from the misrepresentation. We have a defence if we prove that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

Item 12 – FINANCIAL STATEMENTS

Following are our audited financial statements for our last completed financial year.

Grant Thornton

Financial Statements

VWR Capital Corp.

August 31, 2016

Contents

Independent Auditor's Report

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To the Shareholders of
VWR Capital Corp.

We have audited the accompanying financial statements of VWR Capital Corp., (the "Company") which comprise the statement of financial position as at August 31, 2016, and the statements of income and comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 company'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 company'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.

Grant Thornton

Independent Auditor's Report (continued)

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 VWR Capital Corp. as at August 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

The financial statements for the year ended August 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on October 25, 2015.

Grant Thornton LLP

Vancouver, Canada
October 25, 2016

Chartered Professional Accountants

VWR Capital Corp.
Statement of Financial Position

August 31	**2016**	2015
Assets		
Cash and cash equivalents (Note 4)	**$ -**	$ 201,865
Interest receivable	**1,468,992**	1,287,686
Other receivable	**71,806**	-
Mortgage receivable (Note 5)	**238,736,831**	186,221,818
Prepaid expenses	**7,492**	33,414
	$ 240,285,121	$ 187,744,783
Liabilities		
Bank indebtedness	**$ 56,159,918**	$ 35,354,734
Accounts payable	**342,640**	259,378
Dividends payable (Note 6)	**12,974,366**	11,791,568
Unadvanced funds	**155,100**	261,700
Deferred income (Note 7)	**849,642**	506,037
Preferred shares (Note 10)	**169,807,271**	139,575,246
	240,288,937	187,748,663
Shareholders' deficiency		
Share capital (Note 10)	**615**	551
Deficit	**(4,431)**	(4,431)
	(3,816)	(3,880)
	$ 240,285,121	$ 187,744,783

Subsequent events (Note 15)

On behalf of the board

(signed) Dougal Shewan Director   *(signed) Gordon Zacher* Director

VWR Capital Corp.
Statement of Income and Comprehensive Income

Year ended August 31	2016	2015
Revenue		
Interest income	**$ 16,816,349**	$ 15,465,499
Amortized fees	**930,984**	703,967
Prepayment penalties	**450,533**	454,278
Other fees	**289,507**	265,357
Amortized discounts	**165,466**	82,912
	18,652,839	16,972,013
Expenses		
Management fees (Note 9)	**3,033,832**	2,696,802
Interest and bank charges	**1,254,278**	983,648
Mortgage losses (Note 5)	**326,384**	511,432
Professional fees (Note 8)	**71,874**	86,554
Office	**17,962**	17,234
Insurance	**9,698**	2,069
Licenses and dues	**8,677**	8,674
Meeting expenses	**3,971**	5,998
	4,726,676	4,312,411
Income before other item	**13,926,163**	12,659,602
Other item		
Dividend expense (Note 6)	**(13,926,163)**	(12,659,602)
Net and comprehensive income	**$ -**	$ -

Related party transactions (Note 9)

Rate of return (Note 11)

VWR Capital Corp.
Statement of Changes in Equity
Year ended August 31

	Share Capital	Deficit	Total
Balance, August 31, 2014	$ 571	$ (4,431)	**$ (3,860)**
Net and comprehensive income	-	-	**-**
Proceeds from issuance of shares	8	-	**8**
Redemption of shares	(28)	-	**(28)**
Balance, August 31, 2015	551	(4,431)	**(3,880)**
Net and comprehensive income	-	-	**-**
Proceeds from issuance of shares	76	-	**76**
Redemption of shares	(12)	-	**(12)**
Balance, August 31, 2016	**$ 615**	**$ (4,431)**	**$ (3,816)**

See accompanying notes to the financial statements.

VWR Capital Corp.
Statement of Cash Flows

Year ended August 31	2016	2015
Operating activities		
Net and comprehensive income	$ -	$ -
Adjustments for		
Mortgage losses	326,384	511,432
Interest income	(16,816,349)	(15,465,499)
Dividends	13,926,163	12,659,602
Interest expense	494,254	157,958
	(2,069,548)	(2,136,507)
Change in non-cash items		
Other receivables	(71,806)	-
Prepaid expenses	25,922	(28,410)
Accounts payable	83,262	33,314
Unadvanced funds	(106,600)	(130,900)
Deferred income	343,605	120,994
	274,383	(5,002)
Cash flows relating to interest		
Interest received	16,635,043	15,810,749
Interest paid	(494,254)	(157,958)
Dividends paid	(2,521,355)	(2,265,568)
	13,619,434	13,387,223
Cash flow from operating activities	11,824,269	11,245,714
Financing activities		
Common shares issued	76	8
Common shares redeemed	(12)	(28)
Preferred shares issued	23,971,478	844,098
Preferred shares redeemed	(3,961,463)	(6,886,545)
Proceeds from bank financing	683,427,166	692,185,513
Repayment of bank debt	(662,621,982)	(681,427,166)
	40,815,263	4,715,880
Investing activities		
New mortgages funded	(166,289,288)	(115,063,235)
Mortgages repaid	113,447,891	99,303,506
	(52,841,397)	(15,759,729)
Increase in (deficiency) cash and cash equivalents	(201,865)	201,865
(Deficiency) cash		
Beginning of year	201,865	-
End of year	$ -	$ 201,865

1. Nature of operations

VWR Capital Corp. (the "company") is a mortgage investment corporation pursuant to Section 130.1 of the Income Tax Act. It was incorporated under the British Columbia Companies Act in 1993 and is also registered in Alberta, Manitoba, Ontario and Saskatchewan.

The primary mandate of the company is to invest its pooled funds into residential mortgages and to provide its shareholders with an acceptable rate of return on their invested capital. The company is considered a qualified investment for RRSPs, RRIFs, RESPs, and TFSAs.

The address of the company's registered office is 6345 197 Street, Langley, BC V2Y 1K8.

2. Basis of Presentation

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These annual financial statements were authorized for issuance by the Board of Directors on October 25, 2016.

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

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is also the company's functional currency.

Use of estimates and judgments
The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to interest receivable and the valuation of mortgages and allowance for impaired loans.

Management believes that its estimates are appropriate, however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed annually and revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

3. Summary of significant accounting policies

Mortgages receivable

Mortgages receivable are classified as loans and receivables and are recorded at amortized cost, less allowances for loan impairment.

Specific allowances are established for individual mortgages identified as impaired, whereby the company reduces the carrying value of these mortgages to their estimated net realizable value. Mortgages classified as impaired include mortgages for which interest and principal payments are 90 days in arrears or the underlying security is considered inadequate to recover all costs. Estimated realizable amounts are determined by the estimated fair market value of the security underlying the mortgages after deducting estimated costs of realization.

The company capitalizes all maintenance and foreclosure costs with the intention of recovering these costs upon subsequent payout of the mortgage providing that sufficient equity is estimated to exist in the underlying security.

Revenue recognition

Interest on mortgage loans is recorded on the accrual basis except when a loan is considered impaired. Interest income on impaired loans is recorded on a cash basis.

The company ceases to accrue interest once the mortgage is 60 days in arrears. Any interest income after that point is only recognized when received.

Discounts and fees collected on mortgage advances are amortized on a monthly basis until the earlier of the maturity date or payout date. Fees collected due to mortgage term violations are recognized when they are charged.

Interest penalties received as a result of loan prepayments are recognized as income in the year in which the prepayment is made.

Income taxes

No provision for income taxes has been made in these financial statements as the company is a Mortgage Investment Corporation in accordance with Section 130.1 of the Income Tax Act. No tax is payable providing all income earned is paid out as dividends within 90 days of the fiscal year end.

Dividends

Dividends on new shares are calculated on a pro-rated quarterly basis from September 1, December 1, March 1 and June 1. These dividends are tax deductible distributions of the company's profits and as such they retain the basic characteristics of the income earned in the operations. As a result shareholders with non-registered funds will receive a T5 slip with their share of this distribution reported as interest income.

3. Summary of significant accounting policies (continued)

Financial instruments

All financial instruments are initially recognized on the statement of financial position at fair value at acquisition. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit or loss, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. During the year, there has been no reclassification of financial instruments.

The financial instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized in net income. The company does not have any financial instruments classified as fair value through profit or loss.

Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The company does not have any financial assets classified as available-for-sale.

The financial assets classified as loans and receivables are initially measured at fair value, then subsequently carried at amortized cost. The company's financial assets classified as loans and receivables include cash and cash equivalents, other receivables, interest receivable and mortgages receivable.

The financial assets classified as held-to-maturity are initially measured at fair value, then subsequently carried at amortized cost. The company does not have any held-to-maturity financial assets.

Financial instruments classified as other financial liabilities are initially measured at fair value, then subsequently carried at amortized cost. Other financial liabilities include bank indebtedness, accounts payable, dividends payable and preferred shares.

Accounting standards not yet adopted

Certain pronouncements have been issued by the International Accounting Standards Board and will be effective for future accounting periods. Many of these are not applicable to the company and so are not listed below. Adopting this new pronouncement will not have a material impact on the company's financial statements. The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments: Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. The effective date has been deferred pending completion of the remaining sections of the standard. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding the instrument to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit and loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

3. Summary of significant accounting policies (continued)

Accounting standards not yet adopted (continued)

IFRS 15 - Revenue from Contracts with Customers will replace IAS 18, "Revenue", IAS 11, "Construction Contracts", and related interpretations on revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is evaluating any potential impact of this standard.

4. Cash and cash equivalents

Cash and cash equivalents include funds in transit from the payout of a mortgage just before the fiscal year end. The funds were received by the company in the following month.

5. Mortgage receivable

The portfolio consists of the following:

	No.	%	**2016**	No.	%	2015
First mortgages	666	83.71	**$ 200,545,365**	572	84.71	$ 158,329,527
Second mortgages	370	15.20	**36,414,237**	292	13.92	26,092,338
Third mortgages	22	1.09	**2,604,149**	25	1.37	2,558,003
			239,563,751			186,979,868
Less allowance for impaired loans			**826,920**			758,050
			$ 238,736,831			$ 186,221,818

	2016	2015
Average mortgage balance	**$ 226,645**	$ 210,326
Weighted average interest rate	**8.22 %**	8.55 %

5. Mortgage receivable (continued)

As of August 31, 2016 there were 17 mortgages in foreclosure, 16 delinquent mortgages and six additional mortgages that were impaired (2015 - 28 mortgages in foreclosure, 17 delinquent mortgages and eight additional mortgages that were impaired). Management anticipates possible losses may occur, therefore a new loan impairment provision of $496,920 (2015 - 528,050) has been recorded. As of the date of the audit report, eight of these mortgages totaling $1,826,679 (2015 - eight totalling $1,387,077) were paid or brought up to date.

The impairment is based on valuations by independent appraisers accredited by professional institutes with recent experience in the location of the property being valued and by direct sales comparisons where the fair value is based on comparisons to recent sales of properties of similar types, locations and quality.

The majority of the mortgages are residential mortgages registered against properties in the major urban centres of BC, Alberta, Manitoba, Saskatchewan and Ontario.

At August 31, 2016 there were 19 mortgages over $1 million which in total represents 10.43% of the mortgage portfolio (2015 - 11 mortgages over $1 million which represents 7.54%), and one mortgage over $2 million representing 0.9% of the total mortgage portfolio (2015 - one mortgage over $2 million representing 1.15%).

The mortgages bear interest at fixed rates, which are within the company's guidelines and are consistent with the equity based lending market.

Following is an analysis of the mortgages receivable showing the diversification of the mortgages by the type of property the mortgage has been advanced upon and the location of the mortgage. Also included is an analysis of the delinquent mortgages, allowance for loan impairment and losses expended during the year.

5. Mortgage receivable (continued)

Type of mortgage

	First mortgages	Second mortgages	Third mortgages	**2016**	2015
Residential	$ 176,723,088	$ 36,002,430	$ 2,604,149	**$ 215,329,667**	$ 163,165,013
Residential land	12,147,123	52,500	-	**12,199,623**	8,942,257
Residential land development	6,188,302	-	-	**6,188,302**	8,276,076
Construction	1,441,750	-	-	**1,441,750**	2,119,314
Raw land	1,444,102	-	-	**1,444,102**	1,569,158
Mixed use	300,000	-	-	**300,000**	1,300,000
Commercial	1,500,000	333,387	-	**1,833,387**	850,000
	$ 199,744,365	$ 36,388,317	$ 2,604,149	**$ 238,736,831**	$ 186,221,818

Location analysis

	First mortgages	Second mortgages	Third mortgages	**2016**	2015
British Columbia	$ 96,355,238	$ 19,129,928	$ 1,880,371	**$ 117,365,537**	$ 77,070,000
Alberta	39,434,496	4,856,795	355,460	**44,646,751**	61,437,347
Ontario	47,020,918	10,505,327	368,318	**57,894,563**	27,723,920
Manitoba	11,387,087	824,667	-	**12,211,754**	14,470,595
Saskatchewan	5,546,626	1,071,600	-	**6,618,226**	5,519,956
	$ 199,744,365	$ 36,388,317	$ 2,604,149	**$ 238,736,831**	$ 186,221,818

Delinquent mortgages

	First mortgages	Second mortgages	Third mortgages	**2016**	2015
Foreclosure	$ 3,656,136	$ 162,271	$ 41,902	**$ 3,860,309**	$ 6,960,542
90+ days arrears	4,301,992	91,868	-	**4,393,860**	4,776,927
Other impaired mortgages	2,262,627	-	-	**2,262,627**	3,193,140
	$ 10,220,755	$ 254,139	$ 41,902	**$ 10,516,796**	$ 14,930,609

5. Mortgage receivable (continued)

Impairment allowance

	First mortgages	Second mortgages	Third mortgages	**2016**	2015
Balance, beginning of the year	$ 608,050	$ 150,000	$ -	**$ 758,050**	$ 848,167
Current year impairment allowances	471,000	25,920	-	**496,920**	528,050
Allowances applied to losses	(209,550)	(150,000)	-	**(359,550)**	(618,167)
Reversal of prior year losses	(68,500)	-	-	**(68,500)**	-
	$ 801,000	$ 25,920	$ -	**$ 826,920**	$ 758,050

Mortgage losses

	First mortgages	Second mortgages	Third mortgages	**2016**	2015
Current year impairment allowances	$ 471,000	$ 25,920	$ -	**$ 496,920**	$ 528,050
Reversal of prior year allowances	(68,500)	-	-	**(68,500)**	-
Foreclosure losses	346,396	192,053	-	**538,449**	639,249
Allowance applied to losses	(209,550)	(150,000)	-	**(359,550)**	(618,167)
Recovery of prior year losses	(135,000)	(145,935)	-	**(280,935)**	(38,511)
Other costs	-	-	-	**-**	811
	$ 404,346	$ (77,962)	$ -	**$ 326,384**	$ 511,432

Principal repayments based on contractual maturity dates are as follows:

	2016	2015
Mortgage contracts expiring within 12 months	**$ 238,509,122**	$ 186,221,818
Mortgage contracts expiring over 12 months	**227,709**	-
	$ 238,736,831	$ 186,221,818

6. Dividends payable

The company follows a dividend policy in accordance with the provisions of the Income Tax Act related to mortgage investment corporations. Dividends are paid on an annual basis after the year end and will be paid at $0.0901 with interim dividend accrued and $0.0880 with interim dividend paid in cash (2015 - paid at $0.0896 with interim dividend accrued and $0.0875 with interim dividend paid in cash).

Dividends previously declared on the preferred shares of the company were distributed as follows:

	2016	2015
Dividends payable, beginning of year	$ 11,791,568	$ 11,009,823
Dividends paid in cash	(2,521,355)	(2,265,568)
Dividends paid in shares	(10,222,010)	(9,612,289)
Dividends declared during the year	13,926,163	12,659,602
Dividends payable, end of year	$ 12,974,366	$ 11,791,568

7. Deferred income

Deferred income is as follows:

	2016	2015
Unamortized fees	$ 476,298	$ 304,547
Prepaid interest received in advance	253,717	150,792
Unamortized discounts	119,627	50,698
	$ 849,642	$ 506,037

8. Professional fees

Professional fees are as follows:

	2016	2015
Litigation legal fees	$ 45,358	$ 45,597
Audit fees	37,485	30,360
Other legal matters	13,763	10,291
Corporate legal matters	4,411	6,691
Offering memorandum	19,860	4,834
Recovery of legal fees	(49,003)	(11,219)
	$ 71,874	$ 86,554

9. Management fees and related party transactions

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

The management fee is calculated as a percentage of the mortgage portfolio based on 1/12th of 1.4% of the total mortgage portfolio per month plus GST.

The fee is paid to 596466 B.C. Ltd., a company controlled by Mr. Dougal Shewan, who is also the President and a Director of VWR Capital Corp.

	2016	2015
Management fees	**$ 3,000,390**	$ 2,624,291
Internal broker referral	**33,442**	72,511
	$ 3,033,832	$ 2,696,802

Included in accounts payable is the amount of $293,465 (2015 - $229,295) which represents unpaid management fees at the year end. Unpaid and receivable amounts are in the normal course of business, non-interest bearing and were paid within 30 days of the year end.

Directors, officers and related family members who have investments in the company receive $1,623,878 (2015 - $1,493,398) in dividend income. Employees who also have investments in the company received $24,842 (2015 - $18,186) in dividend income. In all cases, the dividends received were based on the same criteria as all other investors holding the same class of shares in the company.

As at August 31, 2016, each Director owned or controlled one voting common share an aggregate total of 10.14% (2015 - 10.28%) of the preferred shares, either directly or indirectly.

10. Share capital

Authorized

Unlimited	Common voting shares without par value
Unlimited	Class A redeemable, non-voting preferred shares with a par value $1.00 each, redeemable at the par value of $1.00 each

10. Share capital (continued)

	2016		2015	
	Shares	**Amount**	Shares	Amount
Presented under equity				
Common shares				
Shares outstanding, beginning of the year	551	$ **551**	571	$ 571
Issued	76	**76**	8	8
Redeemed	(12)	**(12)**	(28)	(28)
Shares outstanding, end of the year	615	$ **615**	551	$ 551
Presented under liabilities				
Preferred shares				
Shares outstanding, beginning of the year	139,575,246	$ **139,575,246**	136,005,404	$ 136,005,404
Issued	23,971,478	**23,971,478**	844,098	844,098
Redeemed	(3,961,463)	**(3,961,463)**	(6,886,545)	(6,886,545)
Stock dividends issued	10,222,010	**10,222,010**	9,612,289	9,612,289
Shares outstanding, end of the year	169,807,271	$ **169,807,271**	139,575,246	$ 139,575,246

All preferred shares are equally eligible to receive dividends and the repayment of capital. Each common share represents one vote at the shareholders' meeting.

The company follows the IFRS recommendations for accounting for financial instruments, therefore issued share capital which is redeemable at the request of the shareholder and has the attributes of a financial liability is presented as such.

During the year the company continued its "offering memorandum" to cover the sale of shares to new investors. Under the offering memorandum the Company can issue a total of 60 million Class A redeemable non-voting preferred shares plus the applicable voting common shares issued at $1 per share.

11. Rate of return

The effective annual yield on adjusted share capital is as follows:

	2016	2015
Shares with interim dividend accrued	**9.01 %**	8.96 %
Shares with interim dividend paid in cash	**8.80 %**	8.75 %

The weighted average number of shares for the 2016 fiscal year was 155,165,960 (2015 - 142,559,339).

The average rate of return for the last 23 years since inception is 10.59%.

12. Fair value of financial instruments

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - quoted prices in active markets for identical investments

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at August 31, 2016 there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Levels 1, 2 or 3 or transfers between Level 1 and 2 for the year then ended.

13. Financial instruments

The company's financial instruments consist of cash and cash equivalents, interest receivable, other receivables, mortgages receivable, bank indebtedness, accounts payable, dividends payable and preferred shares. The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of August 31, 2016.

13. Financial instruments (continued)

Credit risk
Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk in that the mortgagor will fail to discharge the obligation causing the company to incur a financial loss. In order to reduce its credit risk, the company ensures that the collateral value of the security fully protects first, second and subsequent mortgage advances and that there is a viable exit strategy for each loan. Credit risks policies include the following:

- General mortgage policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity and loan administration;
- Mortgage lending limits and criteria set by the Board of Directors;
- Review of mortgages by the Credit Committee; and
- Mortgage delinquency controls regarding procedures followed for loans in arrears.

An allowance for doubtful mortgages is established based upon factors surrounding the delinquency of specific accounts other information. The company has a significant number of mortgages which minimizes concentration of credit risk.

Specific credit risk information on concentration of credit risk in various geographical locations, economic activities and delinquent mortgages is detailed in Note 5.

Liquidity risk
Liquidity risk is the risk that the company cannot meet a demand for cash or fund its obligations as they come due. The company's management oversees the liquidity risk to ensure the company has access to enough readily available funds to cover its financial obligations as they come due.

The assessment of the company's liquidity position reflects management's estimates, assumptions and judgements pertaining to current and prospective firm specific and market conditions.

The company manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer-term forecasted cash flows;
- Maintaining adequate liquidity support facilities, such as lines of credit and bankers acceptances; and,
- Monitoring the maturity profiles of financial assets.

The company is exposed to this risk mainly in respect of its receipt of funds from its mortgages and other related sources share purchases and redemptions, and accounts payable.

An analysis of mortgage due dates is provided in Note 4; all other sources of funds have terms of less than 12 months.

13. Financial instruments (continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: currency rate risk, interest rate risk, fair value risk and other price risk. The company is mainly exposed to interest rate risk and other price risk.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The mortgages receivable are advanced for mainly one year terms, with the rate of interest fixed for that term. Interest rates on mortgages receivable reflect credit risk and prime interest rates. Upon renewal of the mortgage, the company has the option of adjusting the interest rate to respond to changes in credit risk or the prime interest rate.

In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is also exposed to interest rate risk through its floating interest rate bank indebtedness and credit facilities.

If interest rates on debt had been one percent point higher (lower) during the year ended August 31, 2016, earnings would have been reduced (increased) by approximately $878,000 during the year, assuming that no changes had been made to the interest rates at which new mortgage loans were entered into. However, if new mortgage loans had been entered into at higher (lower) interest rates, the resulting increase (reduction) of earnings would have been less than (greater than) $1.6 million.

Fair value risk
Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The company incurs fair value risk on its mortgages receivable held. The company does not hedge its fair value risk.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does not hold financial instruments traded in the active market.

Included in other price risk is the real estate property that provides the underlying security for mortgages receivable. The company aims to minimize other price risk through maintaining sufficient loan to value ratios on the advance of mortgages.

14. Capital management

The company defines capital as being the funds raised through bank indebtedness and the issuance of common and preferred shares of the company. The overall objective of capital management is to ensure that the company has sufficient capital to maintain its operations based on current activities and expected business developments in the future and to provide a return to the shareholders commensurate with the risk of the business.

The company is required to comply with Section 130.1(6) of the Income Tax Act which defines the requirements for Mortgage Investment Corporations. These guidelines give specific externally imposed capital requirements. During the year the company complied with these requirements.

Under the company's bank credit facilities, the company is required to comply with certain financial covenants including a borrowing base condition and an annual debt to tangible net worth requirement. At August 31, 2016, the company is in compliance with all financial covenants.

15. Subsequent events

Subsequent to the year end, the company redeemed 1,208,588 preferred shares and issued 6,762,401 preferred shares.

Item 13 – DATE AND CERTIFICATE

Dated: **October 31, 2016**

This Offering Memorandum does not contain a misrepresentation.

The Issuer

(signed) D. (DOUGAL) B. SHEWAN President and Chief Executive Officer	(signed) MARNI L. STUEHMER Chief Financial Officer

On Behalf of the Directors

(signed) EVAN A. BRETT Director	(signed) GORDON J. ZACHER Director