

AMENDMENT No. 1 to OFFERING MEMORANDUM



Date: **January 22, 2019**

The Issuer

Name: **HERA INVESTMENT FUNDS INC.**
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Amendments to Our Offering Memorandum

Our Offering Memorandum dated August 21, 2018 is hereby amended to reflect that, on January 22, 2019, Qin (Stella) Liao became our CEO, CFO and sole director in the place of Afshin Doustmohammadi (Doust), who was our President and sole director. The resulting amendments to, and updated sections of, our Offering Memorandum are set out on the pages following.

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.

ITEM 2: BUSINESS OF HERA INVESTMENT FUNDS INC.

2.2 Our Business

The following disclosure replaces the current “Management Company” disclosure in our Offering Memorandum:

Management Company

We have not retained a management company to administer our business (a “**Manager**”). Instead, we intend rely on the expertise of our CEO and CFO, Stella Liao. She has significant experience in the real estate industry. See Item 3.2 “Management Experience”. We currently pay Ms. Liao a fee of \$3,500 per month in consideration of her providing management services but may, in the future, pay her an annual fee of up to 1.5% of the principal amount of our mortgage portfolio instead of a fixed monthly fee.

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

The disclosure for this Item in our Offering Memorandum is replaced with the following:

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 |
| Qin (Stella) Liao Surrey, British Columbia | CEO, CFO and Director January 22, 2019 | 2018 – N/A 2019 – \$38,500 | 25 common (16.67%) 30,000 preferred (0.17%) | 25 common (16.67%) 30,000 preferred (0.06%) |
| Afshin Doustmohammadi (Doust) North Vancouver, British Columbia | Principal Holder April 1, 2014 | 0 (0) | 25 common (16.67%) 12,020 preferred (0.07%) | 25 common (16.67%) 12,020 preferred (0.05%) |
| Amir Doustmohammadi North Vancouver, British Columbia | Principal Holder September 1, 2015 | 0 (0) | 25 common (16.67%) 0 preferred (0%) | 25 common (16.67%) 0 preferred (0%) |
| Parviz Maghsoud West Vancouver, British Columbia | Principal Holder June 30, 2017 | 0 (0) | 25 common (16.67%) 2,000,353 preferred (11.68%) | 25 common (16.67%) 2,000,353 preferred (7.54%) |
| Pooya Tazehzadeh North Vancouver, British Columbia | Principal Holder August 8, 2016 | 0 (0) | 25 common (16.67%) 0 preferred (0%) | 25 common (16.67%) 0 preferred (0%) |
| Farid Ansari North Vancouver, British Columbia | Principal Holder September 1, 2015 | 0 (0) | 25 Common (16.67%) 0 preferred (0%) | 25 common (16.67%) 0 preferred (0%) |

- (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. If we retain a Manager as described under Item 2.2 – Our Business – Management Company, a fee equal to 1.5% of the value of our mortgage portfolio will be paid.
- (2) Common Shares and Class “B” Preferred Shares beneficially held, directly or indirectly, or which control or direction is exercised, by each person including shares held jointly with a spouse. Amounts are subject to variation depending on the share purchases and redemptions during the term of this offering.

3.2 Management Experience

The principal occupations of our sole director and executive officer 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 |
|--------------------------------------|---|
| Stella Liao CEO, CFO and Director | <p>Chartered Professional Accountant (CPA CGA) since May 2012</p> <p>CEO and CFO (since January 22, 2019) of Hera Investment Funds Inc.</p> <p>Previously Controller (from February 2018 to January 22, 2019) of Hera Investment Funds Inc., responsible for financial statements and reporting, administration, training new employees and accounting and regulatory compliance.</p> <p>President and sole Director of Quest CPA Consulting Inc. (accounting services company) from February 2018 to present</p> <p>Formerly, Controller of Reliance Properties Ltd. (property management company) from February 2015 to February 2018, responsible for supervising the accounting team; compliance with accounting principles, laws and regulations; communications with partners, auditors, financial institutions and lawyers; budgeting and managing cash flow for a portfolio of approximately 60 income-producing properties; and managing construction loans for multiple development sites.</p> <p>Formerly, a senior accountant with Warrington PCI Management, League Assets Corporation and Westbank Projects Corp. (real estate management and development companies) from 2004 to 2015 with experience in property management accounting, project accounting, real estate investment trust (REIT) and other income-producing assets accounting, budgeting and due diligence for property acquisition and disposition.</p> |

3.3 Penalties, Sanctions and Bankruptcy

- (a) No penalty or sanction has been in effect during the last 10 years and no cease trading order has been in effect for more than 30 consecutive days at any time during the past 10 years against:
 - (i) any of our directors, executive officers or control persons; or
 - (ii) an issuer of whom a person referred to in (i) was a director, executive officer or control person at the time.
- (b) No 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, has been in effect during the last 10 years with regard to any:

- (i) of our directors, executive officers or control persons; or
- (ii) issuer of which a person referred to in (i) above was a director, executive officer or control person at the time.

3.4 Loans

As at the date of this Offering Memorandum there are no debentures or loans due to or from the directors, management, promoters and Principal Holders.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

The disclosure for this Item in our Offering Memorandum is replaced with the following:

Our Class “B” Shares will be sold by us and our directors, executive officers and employees until February 15, 2019. Thereafter, due to a change in applicable laws, we will be required to use an exempt market dealer to sell our Class “B” Shares and we will pay commissions and referral fees to them in consideration of their referral of qualified investors who purchase such shares.

All commissions and other fees will be negotiated on a case-by-case basis and may involve up-front cash commissions, “trailing” fees (paid over time while the investor continues to hold our Class “B” Shares) or other fees, the amounts of which will not exceed commissions and fees normally paid in the securities industry. Such commissions and fees will be deducted, for fixed fees and commissions, from the subscription funds provided by an investor and, for trailing fees, from income distributions paid to such investor.

ITEM 11: PURCHASERS’ RIGHTS

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

8.1 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 Subscription Agreement to buy the securities.

8.2 Statutory Rights of Action in 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.
securities.

8.3 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.

ITEM 13: DATE AND CERTIFICATE

Dated: January 22, 2019

This Offering Memorandum, as amended by this Amendment, does not contain a misrepresentation.

The Issuer

(signed) QIN (STELLA) LIAO
Chief Executive Officer, Chief Financial Officer & sole Director