AMENDED OFFERING MEMORANDUM

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

June 25, 2016 **Continuous Offering**

GUARDS CAPITAL CORP.

701 – 17665 66A Avenue
Surrey, British Columbia, V3S 2A7
Telephone: (604) 576-4838
Fax: (604) 576-4851

$1.00 per Class A Preferred Share

Minimum Subscription: $25,000 (25,000 Preferred Shares)

Guards Capital Corp. (the "**Company**") is a private mortgage investment corporation incorporated under the *Business Corporations Act* (British Columbia) on August 1, 1997. The Company is managed by B.B.I. Group Investments Inc. (the "**Manager**").

The Company is offering on a private placement basis an unlimited number of Class A Preferred Non-Voting shares (the "**Preferred Shares**") in the capital of the Company at an initial price of $1.00 per Preferred Share (the "**Offering**"). Each Preferred Share represents a beneficial interest in the profits of the Company, which will principally be comprised of annual dividends paid in cash or in shares of the Company.

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

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

DISCLAIMERS

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

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

AMENDED OFFERING MEMORANDUM
Dated June 25, 2016
For
GUARDS CAPITAL CORP.

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

Date:	June 25, 2016
The Issuer:	
Name:	**Guards Capital Corp.** (the "**Company**").
Head office:	701 – 17665 66A Avenue, Surrey, BC V3S 2A7 Phone No. (604) 576-4838 E-mail address: amarbains@shaw.ca Fax No. (604) 576-4851
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 shares (the "**Preferred Shares**"). Each Preferred Share represents a beneficial interest in the profits of the Company. Each Preferred Share will have the attributes and characteristics as set out under the heading "Terms of Securities".
Price Per Security:	$1.00 per Preferred Share (the "**Subscription Price**").
Minimum/Maximum Offering:	**There is no minimum. The maximum is $25,000,000. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum subscription amount:	The minimum number of Preferred Shares that may be subscribed for by any one Subscriber is 25,000 Preferred Shares at a Subscription Price of $1.00 per Preferred Share for a total of $25,000. For subsequent investments by existing Preferred Shareholders holding at least 25,000 Preferred Shares, the minimum number of Preferred Shares that may be subscribed for is 5,000 Preferred Shares at a subscription price of $1.00 per Preferred Share for a total of $5,000. The Company reserves the right to change the minimum amount at any time and from time to time.
Payment terms:	The full subscription price is payable upon subscription, by cheque, electronic transfer or by bank draft. No financing of the subscription price will be provided by the Company or the Manager.
Proposed closing date(s):	The closing of the sale of Preferred Shares offered hereunder will take place at such times as are chosen by the Company (each, a "**Closing**"). The Company reserves the right to close the Offering at any time as subscriptions are received.
Income tax consequences:	There are important tax consequences to these securities (see Item 6 "Income Tax Consequences and Eligibility for Investment").
Selling agent:	No specific agent has been retained by the Company in respect of the Offering.
Resale restrictions	As there is no market for Preferred Shares, it may be difficult or even impossible to sell them. Preferred Shares are subject to resale restrictions and you will be restricted from selling your Preferred Shares for an indefinite period (see Item 10 "Resale Restrictions"). However, you may elect to redeem any or all of your Preferred Shares at certain times if you follow the procedures established (see Item 5 "Terms of Securities").
Purchaser's rights	You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 "Purchasers' Rights".

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

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DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set out below:

"BCI 32-517"	means British Columbia Instrument 32-517 Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities.
"BCABC"	means the *Business Corporations Act* (BC).
"Closing"	means a closing of the sale of Preferred Shares as the Company may determine from time to time.
"Company"	means Guards Capital Corp., a private mortgage investment company established under the laws of the Province of British Columbia.
"Credit Agreement"	means the credit agreement between the Company and Envision dated March 27, 2007 in respect of the Line of Credit granted to the Company.
"Deferred Plan"	means a trust governed by a "registered retirement savings plan", "registered educations savings plan", "registered retirement income fund", "deferred profit sharing plan" or "tax free saving account", as those terms are defined in the *Tax Act*.
"Directors"	means the board of directors of the Company.
"Envision"	means Envision Credit Union.
"Invested Mortgage Portfolio"	means the Company's mortgage portfolio consisting of mainly investments in Mortgages, the composition of which varies over time.
"Line of Credit"	means the $1,000,000.00 secured line of credit Envision has authorized for use by the Company subject to the terms and conditions of the Credit Agreement.
"LTV"	means the loan to value ratio.
"Manager"	means B.B.I. Group Investments Inc., a British Columbia company.
"Management Agreement"	means the management agreement in respect of the management of the business of the Company dated January 1, 2011 entered into between the Company and the Manager.

"Management Fees"	means the management fees to be paid by the Company to the Manager in respect of the Invested Mortgage Portfolio, in accordance with the Management Agreement.
"MIC"	means a "mortgage investment corporation" as defined in the *Tax Act*.
"Mortgage"	means a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property.
"Offering"	means the offering by the Company of Class A Preferred Shares pursuant to this Offering Memorandum or in any amendments hereto.
"Preferred Shareholder"	means a person whose holds directly or indirectly a Class A Preferred Share.
"Preferred Shares"	means a Class A Preferred Non-Voting share with a par value of $1.00 in the capital of the Company offered pursuant to this Offering Memorandum.
"Real Property"	means a fee simple or leasehold interest in real property located in Canada, primarily within British Columbia.
"Subscriber"	means a subscriber of Preferred Shares pursuant to the Offering.
"Subscription Agreement"	means a subscription agreement for Preferred Shares in such form as the Company or the Manager will prescribe from time to time.
"Subscription Price"	means $1.00 per Preferred Share.
"Tax Act"	means the *Income Tax Act (Canada)* and the regulations promulgated thereunder, as amended from time to time.

CANADIAN CURRENCY

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

ITEM 1

USE OF NET PROCEEDS

1.1 Net Funds

The following table describes the net proceeds from the Offering:

		Assuming Minimum Offering	**Assuming Maximum Offering**
A.	Amount to be raised by the Offering	$0 (1)	$25,000,000
B.	Selling commissions and fees	nil	nil
C.	Estimated offering costs (e.g., legal, accounting, audit)	$25,000	$25,000
D.	Net proceeds: D = A – (B+C)	($25,000)	$24,975,000
E.	Additional sources of funding required	$25,000(2)(3)	nil
F.	Working capital deficiency	N/A	nil
G.	**Total: G = (D+E) – F**	**$0**	**$24,975,000(4)**

(1) There is no minimum Offering. The Company may raise only a portion of the maximum Offering.
(2) If necessary the Company will access the Line of Credit with Envision to provide this additional funding. See "Material Agreements – Credit Agreement".
(3) If necessary, the Manager may lend and pay on behalf of the Company all costs incurred in connection with the preparation for and completion of the Offering, including legal and accounting fees which are estimated to be $25,000. All costs in connection with the Offering funded by the Manager will be repaid, without interest from funds received by the Company from Subscribers or from income generated by the Company.
(4) No proceeds from the Offering will be used to fund mortgages with related parties. As of May 31, 2016, $7,143,067 is owe and due to the Company by related parties. This amount represents approximately 30% of the Company's Mortgage portfolio.

1.2 Use of Net Funds

The Company will invest the net proceeds of the Offering in Mortgages in accordance with its investment objectives and strategies set out herein. No proceeds from the Offering will be used to fund mortgages with related parties.

Description of intended use of available funds listed in order of priority	**Assuming Minimum Offering**	**Assuming Maximum Offering**
Investment in Mortgages in compliance with the Tax Act (See "Our Business").	$0	$**24,727,723**
Yearly Management Fees	$0	$**247,277**

(See "Material Agreements")		
Total:	**$0**	**$24,975,000**

1.3 Reallocation

We intend to invest the net proceeds of the Offering as stated in accordance with Item 1.2 above. We will reallocate funds only for sound business reasons.

ITEM 2

BUSINESS OF GUARDS CAPITAL CORP.

2.1 Structure

The Company was incorporated on August 1, 1997 under the laws of the Province of British Columbia and the *Company Act* (British Columbia). On May 3, 2005 the Company transitioned under the *Company Act's* successor, the *Business Corporations Act* (British Columbia). The Company qualifies as a "mortgage investment corporation" ("**MIC**") (within the meaning of subsection 130.1(6) of the Tax Act).

B.B.I. Group Investments Inc. is the Manager of the Company pursuant to the terms of the Management Agreement. It is a company amalgamated under the *Business Corporations Act* (British Columbia) on January 1, 2010. The Manager's registered and records office is located at 701-17665 66A Avenue, Surrey, British Columbia and its head office is also located at 701-17665 66A Avenue, Surrey, British Columbia.

2.2 Our Business

The Company lends on security of mortgages on real properties situated in the provinces of British Columbia and Alberta. The mortgages transacted by the Company do not generally meet the underwriting criteria of conventional lenders. Consequently, the investments are subject to greater risk and accordingly earn a higher rate of interest than is generally obtainable through conventional mortgage lending activities.

The Company currently qualifies as a MIC and anticipates that this should effectively enable the Company to operate as a tax-free "flow through" conduit of profit to its shareholders since it does not pay income taxes on net earnings from which dividends are paid.

Restrictions under the Tax Act

The business of the Company is restricted by the Tax Act as follows:

(a) its activities are passive and of an investment nature;

(b) its only undertaking is the investing of funds;

(c) it does not invest its funds in real property or leasehold interests situated outside Canada;

(d) it does not invest its funds in debts of non-residents, except those secured on Canadian real property;

(e) it does not invest its funds in shares of non-resident corporations;

(f) at least 50% of the cost amount of all of its property consists of bank deposits or debts secured on Canadian homes or housing projects;

(g) no more than 25% of the cost amount of all of its properties consist of real property or leasehold interests herein unless acquired through foreclosure;

(h) it restricts its net leveraging to 3:1 unless more than two-thirds of its investments are in residential mortgages and bank deposits, in which case it is entitled to 5:1 leveraging;

(i) no one shareholder of the Company may own, directly or indirectly, at any time more than 25% of the issued and outstanding shares of any class of the Company; and

(j) there must be, at minimum, 20 non-related shareholders of the Company during each year of its continuance.

Investment Objectives

The Company intends to provide its Preferred Shareholders with the opportunity to participate in a professionally managed portfolio of residential and other mortgage loans secured by Real Property located within Canada and primarily within British Columbia. The Company distributes all of its profits to Preferred Shareholders by way of annual dividends in cash or in shares of the Company and is not taxed on its earnings.

The investment parameters of the Company, as further described below, are designed to allow it to qualify for the special tax treatment afforded to MICs under the Tax Act. The policy requires the Company to invest the majority of its assets in residential and commercial mortgages, cash on hand and deposits. The Company has arranged financing through Envision (See "Material Agreements").

By leveraging the capital base of the Company and investing prudently, it is anticipated that a net return on investment (after payment of all expenses of the Company) in the range of 8% - 10% can be achieved. There can be no assurance or guarantees that such returns will be obtained.

The annual rates of return of the dividends paid to the Preferred Shareholders since the 2011 were as follows:

Year	Annualized Rate of Return (Dividends Paid)
2011	**9.1**%
2012	**8.0**%
2013	**7.35**%
2014	**7.5%**
2015	**8.0%**

Investment Policies

The types of Mortgages in which the Company has invested and will invest in, are consistent with the criteria for MICs and for so long as the Company meets these criteria, it will be accorded "flow through" tax treatment and not be taxed on any of its earnings so long as all profits after expenses are paid out in the form of dividends, either in shares or cash.

The Company is in the business of investing in Mortgages to a variety of borrowers, including builders, developers and owners of commercial, industrial and residential real estate located primarily in the Lower Mainland and Fraser Valley of British Columbia.

The following investment parameters are applied by the Company in selecting Mortgages:

(a) the Company may invest in Mortgages which may be first, second or in exceptional cases, third charges on the security of the Real Property;

(b) the Company will invest primarily in Mortgages for residential properties such as single family dwellings, duplexes, townhouses, condominium units, land or multiple family dwellings such as apartment buildings, including properties under construction, providing that in so doing the Company continues to qualify as a MIC;

(c) the Company may invest in mortgages on commercial and industrial properties including properties under construction or development. The Company and its lending committee are knowledgeable about the land development process and assess the risks associated with lending for the purchase of raw land before making any lending decision;

(d) the Company invests primarily in Mortgages each having a principal amount which, when added to the principal amount of prior mortgages, is generally not more than 75% of the appraised value of the Real Property against which they are secured;

(e) all of Company's Mortgages are for one-year terms. After the one year term, if a borrower asks for a mortgage renewal, then the Company's lending committee reviews the mortgage and its underlying security. If the Company is satisfied that the mortgage meets its lending criteria, then it is extended for another one-year term;

(f) there may be instances in which the Company will invest in Mortgages with a higher or lower loan-to-value ratio if the directors of the Company determine that it is in the best interests of the Company to do so;

(g) the Company will not make further loans to, nor invest in securities issued by related parties including the Manager nor make loans to members of the Board of Directors;

(h) to the extent that the Company's funds are not invested in Mortgages from time to time, they are held in cash deposited with a Canadian chartered bank or credit union or are invested in short term deposits, savings accounts or government guaranteed income certificates so that the Company may maintain a level of working capital for its ongoing operations considered acceptable by the directors of the Company;

(i) the Company may not invest in any asset which in any way does not qualify as a “qualified investment” as that term is defined in the Tax Act; and

(j) Subject to limitations and restrictions applicable to MICs that are contained in the Tax Act, the Company may make other permitted investments over time, including the direct ownership of Real Property (including Real Property acquired by way of foreclosure under Mortgages).

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

Mortgage Security

The Company will seek out and originate Mortgages for investment and which are consistent with the investment objectives and parameters of the Company discussed above.

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

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

Mortgage Portfolio

The Company’s assets consist of Mortgages secured against Real Property. As at May 31, 2016, the Company’s current portfolio of Mortgages consisted of 23 loans ranging in value from $60,000.00 to $4,799,067.00 for a total aggregate principal amount of approximately $23,896,503. The Mortgages securing the outstanding principal of these loans are all registered against properties in British Columbia and Alberta and carry interest rates ranging from 8% to 12%. Loan to value ratios vary across the Mortgages in the Company’s portfolio, and are based on independent appraisals conducted prior to funding.

The mortgage portfolio composition of the Company as of May 31, 2016 was as follows:

Mortgage Portfolio Composition Data

Total Mortgage Investments	$23,257,921	

First Mortgages	$15,283,851	66%
Second Mortgages	$7,974,070	34%
Third Mortgages	$0	0%
Residential Mortgages	$19,787,921	85%
Commercial Mortgages	$3,470,000	15%
Average Mortgage Investment	**$930,317**	
Average Loan to Value	**56**%	

The mortgage portfolio (based on total mortgages funded as of May 31, 2016, can be summarized in further detail as follows:

Property under Mortgage	**Location**	**Priority Ranking**	**Loan Rate (%)**	**Repayment Term**[(1)]	**Mortgage Balance ($)**[(4)]	**LTV (%)**[(5)]
Residential	Maple Ridge, BC	First	8%	IO	$4,799,067.63[(2)]	58%
Mixed - Residential & Commercial	Ucluelet, BC	First	8%	IO	Nil[(3)]	54%
Residential	Nanaimo, BC	Second	8%	IO	$2,344,000.00[(2)]	26%
Residential	Surrey,BC	First	8%	IO	$700,000.00	70%
Residential	Vancouver, BC	First	9%	IO	$2,200,000.00	58%
Residential	Stoney Plain, AB	Second	12%	IO	$1,700,000.00	70%
Commercial	Delta, BC	First	9%	IO	$1,370,000.00	40%
Commercial	Ladner, BC	Second	11%	IO	$550,000.00	75%
Residential	Stoney Plain, AB	Second	12%	IO	$263,070.38	50%
Commercial	Sunshine Valley, BC	Second	12%	IO	$100,000.00	40%

Residential	Sunshine Valley, BC	First	10%	IO	$200,000.00	70%
Residential	Cochrane, BC	First	8%	IO	$1,800,000.00	50%
Residential	Langley, BC	Second	12%	IO	$400,000.00	75%
Residential	Burnaby, BC	First	8%	IO	$1,111,424.00	33%
Residential	Burnaby, BC	Second	12%	IO	$582,000.00	60%
Commercial	Vancouver, BC	Second	11.50%	IO	$1,000,000.00	70%
Residential	Surrey, BC	First	9%	IO	$1,350,000.00	70%
Residential	Surrey, BC	First	9%	IO	$900,000.00	70%
Residential	Surrey, BC	Second	12%	IO	$250,000.00	50%
Residential	Wetaskiwin, Alberta	First	12%	IO	$503,360.00	75%
Residential	Penticton, BC	Second	12%	IO	$200,000.00	70%
Residential	Wetaskiwin, AB	Second	12%	IO	$350,000.00	75%
Residential	Penticton, BC	Second	12%	IO	$60,000.00	75%
Residential	Langley, BC	Second	10%	IO	$75,000.00	75%
Commercial	Sunshine Valley, BC	Second	12%	IO	$100,000.00	50%
Commercial	Surrey, BC	First	9%	IO	$350,000.00	65%

(1) Repayment Terms: P = Principal, IO = Interest Only, P&I = Principal & Interest

(2) The Company has provided two mortgage loans to Nordel Homes Ltd. ("Nordel"), a related party. As of May 31, 2016, the first mortgage to Nordel Homes Ltd. had a balance of $4,799,067 due and owing to the Company (the "First Nordel Loan"). As of May 31, 2016, the second mortgage to Nordel Homes Ltd. had a balance of $2,344,000 due and owing to the Company (the "Second Nordel Loan").

(3) The Company had provided a mortgage loan to Black Rock Oceanfront Resort Inc. ("Black Rock"), a related party in which the Manager, Amarjit Singh Bains, owns 50% of Black Rock's voting common shares. As of January 31, 2016, the Black Rock mortgage had a balance of $3,200,000 due and owing to the Company. As of May 31, 2016, the Black Rock mortgage has been fully paid out to the Company.

(4) The Company regularly reviews all outstanding mortgages and will only make allowances for losses in the event that a loan impairment arises. There have been no loan impairments since 2009 or in the last three financial years.

(5) The loan-to-value ratio (LTV) is at the date the loan was issued.

Mortgage Portfolio Schedule

As at May 31, 2016

Type of Property	Amount	Count	%
Commercial	$3,470,000	6	24%

Residential	$19,787,921	19	76%

By Province	Amount	Count	%
Alberta	$2,816,430	4	12%
British Columbia	$20,441,491	21	88%

By Rank	Amount	Count	%	Rate	LTV
1st	$15,283,851	11	66%	8.18%	59.91%
2nd	$7,974,070	14	34%	11.46%	61.5%

Mortgages with Related Parties

Nordel Homes Ltd. and Nordel Homes (Nanaimo) Ltd. (together, "Nordel") are land development and construction companies in British Columbia and are related parties of the Company.

Black Rock Oceanfront Resort Inc. ("Black Rock") is a luxury development company on Vancouver Island and is a related party of the Company. Amarjit Singh Bains, the principal of the Company's Manager (defined below), owns 50% of Black Rock's voting common shares.

The Company entered into the mortgages with Nordel at the same rate and on the same lending criteria as offered to arm's-length borrowers with similar loan-to-value (LTV) ratios. The Company's mortgage rates are determined based on the borrower's risk profile. The Nordel loan was less than 25% LTV and therefore the borrower received a lower rate.

The Company entered into the mortgage with Black Rock at the market rate for first mortgages and on the same lending criteria as offered to arm's-length borrowers with similar loan-to-value (LTV) ratios. As of May 31, 2016, the Black Rock mortgage has been fully paid out to the Company.

Between the First Nordel Loan and the Second Nordel Loan, these mortgages represent approximately 30% of the Company's current loan portfolio and are mortgages with related parties, as described in the footnotes to the above table.

Manager

To achieve its objectives, the Company will benefit from the Manager's expertise and experience with respect to mortgage administration.

The Manager provides all mortgage administrative services required by the Company. In particular, the Manager is responsible for implementing the Company's investment parameters and the Managers services include, but are not limited to: processing and administering mortgage loans on behalf of the Company, providing monthly reports on the operations of the Company, communicating with shareholders of the Company and communicating regularly with mortgage brokers engaged in business with the Company. For greater certainty, the Manager is not registered as an investment advisor within the meaning of National

Instrument 31-103 and no services will be provided by the Manager to the Company that would require the Manager to be registered as an investment advisor under National Instrument 31-103.

The Manager was amalgamated under the laws of the Province of British Columbia on January 1, 2010 under incorporation number BC0869701. The head office and principal business address of the Manager is 701 - 17665 66A Avenue, Surrey, British Columbia. The registered office of the Manager is 701 - 17665 66A Avenue, Surrey, British Columbia. The Manager has one (1) shareholder, the Bains Family Trust**.** Amarjit Singh Bains is the sole director and officer of the Manager.

Directors, officers and employees of the Manager, either directly or indirectly, may, from time to time, own Preferred Shares directly or indirectly through family members and/or associated entities.

Principals of the Manager

Amarjit Singh Bains

Mr. Bains is the principal of the Manager. Mr. Bains was a licensed realtor from 1984 – 1996 and is a licensed mortgage broker since 1997. Mr. Bains has over thirty years of experience in the real estate development field. Mr. Bains is a graduate of Punjabi University, India with concentrations in English, Political Science and Economics.

2.3 Development of Business

Since 1997**,** the Company has conducted the business of investing in loans secured by Mortgages. Since that time the Company has been qualified as a MIC under the Tax Act and has been solely engaged in raising capital for investment in Mortgages. As at May 31, 2016, the Corporation has issued Preferred Shares and has made loans which in the aggregate exceed $20 million.

The following matters have been identified by the Company as occurrences that have and may influence the development of the Company's business.

Share Redemptions

As of July 31, 2014, the Company accepted redemptions from Preferred Shareholders that exceeded the new issuance of Preferred Shares by $767,074.

These excess redemptions occurred in the context of compliance requirements as set out by the Canada Revenue Agency ("CRA") with respect to investments in an MIC held in a Registered Retired Savings Plan ("RRSP") or Registered Retirement Income Fund ("RRIF"). CRA's prohibited investments policy imposes a general prohibition on otherwise eligible investments based on a "significant interest" ownership. A significant interest exists when an investor, along with other non-arm's length parties (i.e. related parties), owns 10% or more of an MIC's total share capital. Certain Preferred Shareholders of the Company exceeded this 10% threshold and therefore redeemed a portion of their Preferred Shares.

The Company does not expect future redemptions to exceed the sale of Preferred Shares in a given year.

The Company's redemption policy requires Preferred Shareholders to give the Company notice of their request for redemption. See section 5.1 'Terms of Securities" for full details about the Company's redemption policies.

Loan to Alberta Developers

On June 15, 2015, the Company provided a mortgage loan to Elegant Development Inc. and 1330823 Alberta Ltd. (the "Alberta Borrowers") in the principal amount of $2,000,000 at an interest rate of 12% calculated monthly and a mortgage term of six months. This loan was with respect to the development of a mixed commercial and residential property in Alberta. The Company retained $1,319,871 as a construction (surety) bond in the form of a restricted term deposit to protect the Company's interest against unforeseen changes such as an adverse event that would cause disruptions, failure to complete the development of the property, or the developer's failure to meet contract specifications. The balance of the loan was advanced in cash after deducting lending fees.

Pursuant to a Letter of Guarantee, the surety bond allowed for further partial drawings against the loan as the development project proceeded. The Alberta Borrowers completed partial work and requested a draw in the amount of $471,958 from the surety bond, which was correspondingly reduced to $847,913. On March 1, 2016, the Alberta Borrowers sold the property in question and the Company was repaid the sum of $1,738,300. As of May 31, 2016, the Alberta Borrowers owe the Company the balance of $268,460 and upon payment of this balance with accrued interest, the bond will be assigned to the Borrower.

2.4 Long Term Objectives

The Company's primary long term objectives include:

(a) to provide Preferred Shareholders with stable income through the issuance of dividends while preserving capital for distribution or re-investment;

(b) to establish a portfolio of high quality loans through prudent investment in Mortgages of Real Property situated primarily in British Columbia;

(c) to distribute income to Preferred shareholders on an annual basis; and

(d) to continue to qualify as MIC pursuant to the Tax Act.

The Company will seek to achieve these investment objectives by investing primarily in loans secured by Mortgages through the guidance and management of the Manager.

2.5 Short Term Objectives and How We Intend to Achieve Them

(a) The Company's business objectives for the next 12 months are to complete the Offering of up to 25,000,000 Preferred Shares pursuant to this Offering Memorandum and to invest the net proceeds thereof in loans secured by Mortgages.

(b) It is the intention of the Company and the Manager that the proceeds of the Offering will be invested as quickly as is reasonably possible pursuant to the mortgage investment criteria in the Tax Act to raise further equity capital and optimize returns, and continue paying annual dividends to the Preferred Shareholders.

The Company intends to meet the foregoing objectives for the next 12 months as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our costs to complete

Raise at least $25,000,000 to fund further loans secured by Mortgages. Invest net proceeds from Offering in compliance with the Tax Act. Pay annual dividends to Preferred Shareholders while preserving capital.	As this is an ongoing investment program, there is no target completion date. However, it is the intention of the Company to invest the net proceeds as quickly as reasonably possible.	Our costs to carry out our investment program generally consist of administrative costs (including legal and accounting fees) and Management Fees. See "Use of Net Funds".

2.6 Insufficient Funds

The Company has a Line of Credit with Envision, however, the Line of Credit is for operating costs of the Company and not for investment purposes.

Given that there is no minimum for the Offering, the funds available as a result of the Offering may not be sufficient to accomplish all of the Company's proposed objectives and there is no assurance that alternative financing will be available. If none of the Offering is sold, the Company will continue to use its existing capital and cash flow to carry on its business.

2.7 Material Agreements

The following agreements are material to this Offering and to the Company:

Management Agreement

The following is a summary of the material provisions of the Management Agreement, which does not purport to be complete.

The rights and obligations of the Manager are governed by the Management Agreement. The Management Agreement, between the Manager and the Company, is dated as of January 1, 2011. See "Our Business – Manager" for information regarding the background of the Manager.

Under the Management Agreement, the Manager provides mortgage investment and management services to the Company and is required to:

(a) process and administer mortgage loans on behalf of the Corporation within parameters from time to time approved by the Board of Directors of the Corporation; provide the Company with mortgage investment opportunities;

(b) undertake and be responsible for the day to day administration of the Company;

(c) provide financial services to the Company including administering mortgages and general security agreements and other forms of security of the Company;

(d) provide monthly reports on the operation of the Company to the board of directors of the Company;

(e) communicate regularly with Shareholders of the Company and answer any Shareholder queries;

(f) communicate regularly with mortgage brokers engaged in business with the Company and answer any such mortgage broker queries;

(g) prepare accounting information for the external accountants of the Company;

(h) undertake any accounting task which shall reduce the accounting fees of the auditor;
(i) maintain the business premises of the Company for the conduct of its business;
(j) provide marketing and business development assistance to the Company in regard to the promotion of business and affairs; and
(k) perform other assignments related to the business and affairs of the Company as directed by its board of directors.

The Manager is required to carry out its duties fairly, honestly and in the best interests of the Company and must exercise the degree of care, diligence and skill that a reasonably prudent person experienced in the business of mortgage administration and management would exercise in comparable circumstances.

The Management Agreement is for a term of five years with the term being automatically renewed for an indefinite number of five year terms.

The Manager has no right and shall not participate in any loan or investment opportunities originated for or otherwise made available to the Company by the Manager.

Under the Management Agreement, the Manager is a monthly fee equal to the aggregate sum of 1/12 of 1% per month (1% per annum) of the aggregate outstanding balance of the Company's total assets (after deduction of provisions for losses). The Manager shall also be reimbursed for all reasonable and necessary out-of-pocket disbursements. The Manager shall be entitled to retain any and all brokerage fees or discounts related to mortgages originated by the Manager, the directors and shareholders of the Manager, third party mortgage brokerage companies or any other referral source.

The Management Agreement may be terminated by the Company in the event that:

(a) the Manager makes an assignment for the benefit of creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);
(b) the Manager assigns or purports to assign the Management Agreement or any rights accruing thereunder without the prior written consent of the Company;
(c) the Manager commits a breach or default under the Management Agreement not related to the payment of any money to be paid by the Manager to the Company and the same is not cured within 30 days of the Manager receiving notice thereof; or
(d) the Manager fails to pay or refuses to pay monies it may owe to the Company.

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

(a) the Company makes an assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada);
(b) the Company assigns or purports to assign the Management Agreement or any rights accruing thereunder without the prior written consent of the Manager;
(c) the Company commits a breach or default under the Management Agreement provided that if such breach or default does not relate to any payment of money by the Company to the Manager, the Manager shall give the Company notice in writing of such breach and the Company shall have 30 days from the date of notice to remedy the breach; or
(d) at any time during the term of the Management Agreement the Manager gives the Company six (6) months notice of its intention to terminate the Management Agreement.

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

The Company is required to indemnify the Manager from all claims and expenses incurred by the Manager in respect of the origination, administration and servicing of the Company's mortgage portfolio except those caused by the gross negligence or wilful misconduct of the Manager.

Mortgage Agreement with Nordel Homes (Nanaimo) Ltd.

The following is a summary of the material provisions of the Mortgage Agreement dated June 25, 2004 and as amended on March 8, 2012, between the Company and Nordel Homes (Nanaimo) Ltd., which does not purport to be complete. Nordel is a related party of the Company.

The Company entered into the Mortgage Agreement, as amended, pursuant to which the Company provided the sum of $3,000,000.00 to Nordel (the "First Nordel Mortgage") for the purpose of financing the development of residential properties in Nanaimo, B.C. The Mortgage is registered against title to the relevant properties and bears interest at a rate of 8% per annum. As of July 31, 2015, the First Nordel Mortgage had a balance of $2,644,000 due and owing to the Company.

Loan Agreements with Nordel Homes Ltd.

The following are summaries of the material provisions of the Loan Agreement dated August 1, 2012 between the Company and Nordel Homes Ltd. and the promissory notes made by Nordel in favour of the Company, which do not purport to be complete. Nordel is a related party of the Company.

The Company entered into the Loan Agreement pursuant to which the Company loaned $2,975,566.63 to Nordel (the "Maple Ridge Loan") for the purpose of financing the development of residential properties in Nanaimo, B.C. The Maple Ridge Loan bears interest at a rate of 8% per annum. The Maple Ridge Loan is repayable by the earlier of the Maturity Date of August 1, 2017 or the sale of the lands.

Pursuant to the Loan Agreement:

(a) Nordel must make monthly interest payments to the Company for so long as the Loan remains outstanding;

(b) a mortgage of the fee simple interest in the lands is registered in the name of the trustee for the Company;

(c) Nordel grants the Company a security interest in all of its present and after-acquired personal property; and

(d) in the event of default by Nordel, the Company may declare due and payable the outstanding balance of the Loan and any accrued interest thereon without demand, protest or notice.

(e) Between July 31, 2013 and May 2, 2016, the Company loaned the principal sum of $1,823,500 to Nordel. Accordingly, Nordel entered into four (4) promissory notes with the Company. The promissory notes bear an interest rate of 8% per annum. The principal sum is repayable by August 1, 2017.

As security for the loans provided under the Loan Agreement and the promissory notes, the Company has registered a Mortgage against title to the relevant Nordel properties for all obligations, debts, liabilities, present or future, absolute or contingent, matured or not, at any time owing by Nordel to the Company.

Mortgage Agreement with Black Rock Oceanfront Resort Inc.

As of May 31, 2016, the Black Rock mortgage has been fully paid out to the Company. Black Rock is a related party of the Company as described under Section 2.2 – "Our Business".

The following is a summary of the material provisions of the Mortgage Agreement dated April 27, 2009 between the Company and Black Rock Oceanfront Resort Inc., which does not purport to be complete.

The Company entered into the Mortgage Agreement pursuant to which the Company provided a mortgage loan of $3,250,000.00 to Black Rock (the “Black Rock Mortgage”) for the purpose of financing the development of resort properties in Ucluelet, B.C. The Black Rock Mortgage was registered against title to the relevant Black Rock property at an interest of 8% per annum. Black Rock was only required to make monthly interest payments on the mortgage.

Credit Agreement with Envision

The following is a summary of the material provisions of the Credit Agreement, which does not purport to be complete.

The Company entered into the Credit Agreement pursuant to which Envision approved a $1,000,000 secured Line of Credit for the Company for the purpose of financing the day-to-day operations of the Company. The Line of Credit bears interest at a rate of Prime Plus 2% per year above Envision’s prime lending rate. The Line of Credit is repayable on demand.

The Company pays customary fees pursuant to the Credit Agreement, in accordance with industry practice.

The Line of Credit requires the Company to maintain certain minimum equity and debt/equity requirements. The Company must also report and provide financial statements to the Bank on a regular basis.

The Company cannot assign or encumber its rights and obligations under the Line of Credit or the Credit Agreement without the prior written consent of the Bank. The Credit Agreement will remain in effect and continue to apply as long as there are no changes to the Line of Credit or the Credit Agreement.

ITEM 3

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

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

Name and municipality of principal residence	**Positions Held and the date of obtaining that position**	**Compensation paid by the Company (i) in the most recently completed financial year and (ii) compensation anticipated to be paid in the current financial year**	**Number, type and percentage of securities of the Company held after completion of minimum Offering(1)**	**Number, type and percentage of securities of the Company held after completion of maximum Offering(2)**

Kewal Singh Athwal *Surrey, BC*	Director since November 21, 2006 and Treasurer since October 30, 2011	(i) nil (ii) nil	1 Common Share (1.75%) 475,574 Class A Preferred Shares (2.48%)	1 Common Share (1.75%) 475,574 Class A Preferred Shares (2.48%)
Chander Mohan Khosla *Surrey, BC*	Director since September 30, 1998 and President since November 21, 2006	(i) nil (ii) nil	1 Common Share (1.75%) 588,939 Class A Preferred Shares (3.07%)	1 Common Share (1.75%) 588,939 Class A Preferred Shares (3.07%)
Kiranjit Kaur Sandhu *Surrey, BC*	Director since October 27, 2015	(i) nil (ii) nil	176,718 Class A Preferred Shares (0.92%)	176,718 Class A Preferred Shares (0.92%)
Rajdeep Singh Johal *Surrey, BC*	Director since October 24, 2012	(i) nil (ii) nil	1 Common Share (1.75%) 43,915 Class A Preferred Shares (0.23%)	1 Common Share (1.75%) 43,915 Class A Preferred Shares (0.23%)
Manjit Singh Bains *Surrey, BC*	Director since November 21, 2006 and Company Secretary since October 30, 2011	(i) nil (ii) nil	1 Common Share (1.75%) 463,778 Class A Preferred Shares (2.42%)	1 Common Share (1.75%) 463,778 Class A Preferred Shares (2.42%)
Jaswinder Singh Sahota *White Rock, BC*	Director since December 12, 2001	(i) nil (ii) nil	1 Common Share (1.75%) 614,912 Class A Preferred Shares (3.20%)	1 Common Share (1.75%) 614,912 Class A Preferred Shares (3.20%)
Gurjeet Singh Dhindsa *Surrey, BC*	Director since November 27, 2009	(i) nil (ii) nil	1 Common Share (1.75%) 220,406 Class A Preferred Shares (1.24%)	1 Common Share (1.75%) 220,406 Class A Preferred Shares (1.24%)

Notes:

(1) Assuming no Preferred Shares are issued under the Offering.

(2) Assuming that a maximum of 25,000,000 Preferred Shares are issued under the Offering and that no additional Preferred Shares are purchased by the directors or officers of the Company under the Offering.

3.2 Management Experience

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

Name	Principal Occupation and Related Experience
Chander Mohan Khosla *Director & President of the Company*	Mr. Khosla is a professional engineer by trade. He has over 15 years of experience in analytics and risk assessment.
Kewal Singh Athwal *Director & Treasurer of the Company*	Mr. Athwal is a British Columbia real estate agent and is generally involved in the real estate, land development and construction business. He has over 15 years of experience in property value assessment and risk assessment.
Manjit Singh Bains *Director & Secretary of the Company*	Mr. Bains is a British Columbia real estate agent and is generally involved in the real estate, land development and construction business. Mr. Bains has 15 years of experience in property value assessment and risk assessment.
Jaswinder Singh Sahota *Director*	Mr. Sahota is a businessman in the land development and construction business in B.C. He has over 15 years of experience in property value assessment and risk assessment.
Kiranjit Kaur Sandhu *Director*	Ms. Sandhu is an accountant and has 10 years of experience in accounting and financial matters.
Rajdeep Singh Johal *Director*	Mr. Johal is a sheet metal worker by trade and a businessman in the real estate industry. He has 3 years of general experience in real estate and investments.
Gurjeet Singh Dhindsa *Director*	Mr. Dhindsa is a salesperson with over 25 years of general experience in real estate and investments.

3.3 Penalties, Sanctions and Bankruptcy

(a) There have been no penalties or sanctions that have been in effect during the last 10 years, nor any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against either:

(i) a director, executive officer or control person of the Company, or

(ii) an issuer of which a person referred to in (i) above was a director, executive officer or control person at the time.

(b) There have been no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any:

(i) director, executive officer or control person of the Company, or

(ii) issuer of which a person referred to in (i) above was a director, executive officer or control person at that time.

3.6 Loans

The Company presently has no outstanding loans or debentures due to or from the directors, management, promoters and principal holders as at May 31, 2016.

ITEM 4
CAPITAL STRUCTURE

4.1 Capitalization of the Company

The following table provides information about the capitalization of the Company:

Description of Security	**Number authorized to be issued**	**Price per Security**	**Number outstanding as at January 31, 2016**	**Number outstanding after minimum Offering**	**Number outstanding after maximum Offering**
Common Shares(1)	60	$1.00	57	57	57
Class A Preferred Shares(2)	50,000,000	$1.00	17,823,438(3)	17,823,438 (4)	42,823,438(4)

Notes:

(1) The holders of Common shares are the sole shareholders of the Company entitled to receive notice of and to attend and vote at general meetings of shareholders of the Company. Upon a winding up or liquidation of the Company, once prior distribution has been made to the holders of Preferred Shares, the holders of the Common shares shall be entitled to receive a sum equal to the par value of each Common share held in priority to any distribution in the capital of the Company, and once such distribution has been made, the holders of Common shares shall be entitled to participate equally with the holders of the Preferred Shares in any further distribution of the assets of the company pro rata in accordance with the number of Common shares held.

(2) Complete details of the attributes and characteristics of the Preferred Shares are set forth under the heading “Terms of Securities”.

(3) The Class “A” Preferred Shares will be issued at a price of $1.00 per Class “A” Preferred Share.

(4) Assuming a minimum Offering of nil Preferred Shares and a maximum Offering of 25,000,000 Preferred Shares.

4.2 Long Term Debt

The Company has a Line of Credit with Envision. See “Material Agreements – Credit Agreement”.

4.3 Prior Sales

In the last 18 months, the Company received total sale proceeds of $2,258,913, net of redemptions, from existing Preferred Shareholders.

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
September 16, 2014	Class A Preferred Shares	20,000	$1.00	$20,000
November 21, 2014	Class A Preferred Shares	71,700	$1.00	$71,700
November 21, 2014	Class A Preferred Shares	30,000	$1.00	$30,000
January 19, 2015	Class A Preferred Shares	12,535	$1.00	$12,535
February 26, 2015	Class A Preferred Shares	5,000	$1.00	$5,000
March 10, 2015	Class A Preferred Shares	11,000	$1.00	$11,000
March 11, 2015	Class A Preferred Shares	12,000	$1.00	$12,000
March 23, 2015	Class A Preferred Shares	6,000	$1.00	$6,000
April 9, 2015	Class A Preferred Shares	9,000	$1.00	$9,000
April 30, 2015	Class A Preferred Shares	10,000	$1.00	$10,000
July 7, 2015	Class A Preferred Shares	756,000	$1.00	$756,000
July 22, 2015	Class A Preferred Shares	239,000	$1.00	$239,000
July 31, 2015	Class A Preferred Shares	1,197,742	$1.00	$1,197,742 (1)
	Issuances:	2,379,977	**Issuances:**	$2,379,977
	Less Redemptions:	(121,064)	**Less Redemptions:**	($121,064) (2)
	Total:	2,258,913	**Total:**	$2,258,913

(1) The amount of dividends re-invested by existing Preferred Shareholders in the Company by July 31, 2015.
(2) Net share redemptions in the same period.

4.4 Redemption History

The following presents a continuity schedule showing the Company's share redemption history for the current fiscal year and the past two years.

Share Redemptions: August 1, 2013 - July 31, 2014

Date of Redemption	No. of Shares Requested to be Redeemed	Amount Redeemed
18-May-2013	807	$807
15-Aug-2013	195,730	$195,730
22-Oct-2013	31,050	$31,050
15-Nov-2013	1,458,373	$1,458,373
31-Dec-2013	201,609	$201,609
30-Jan-2014	621,183	$621,183
4-Feb-2014	121,953	$121,953
8-Apr-2014	11,000	$11,000
27-May-2014	891	$891
24-Jun-2014	22,893	$22,893
Total Redemptions:	**2,665,489**	**$2,665,489**
Opening Balance of Redemption Requests	Nil	Nil
Closing Balance of Redemption Requests	Nil	Nil

Share Redemptions: August 1, 2014 - July 31, 2015

Date of Redemption	No. of Shares Requested to be Redeemed	Amount Redeemed
27-Aug-2014	53,967	$53,967
17-Nov-2014	215,147	$215,147
14-Jan-2015	18,000	$18,000
15-May-2015	836	$836
19-Jun-2015	841	$841
19-Jun-2015	1,257	$1,267
28-Jul-2015	866	$866
15-Dec-2015	578	$578
Total Redemptions:	**290,651**	**$290,651**
Opening Balance of Redemption Requests	Nil	Nil
Closing Balance of Redemption Requests	Nil	Nil

Share Redemptions: August 1, 2015 – May 31, 2016

Date of Redemption	No. of Shares Requested to be Redeemed	Amount Redeemed
7-Aug-2015	200,000	$200,000
23-Oct-2015	40,000	$40,000
Total Redemptions:	**240,000**	**$240,000**
Opening Balance of Redemption Requests	Nil	Nil
Closing Balance of Redemption Requests	Nil	Nil

ITEM 5
SECURITIES OFFERED

5.1 Terms of Securities

The Company is offering up to 25,000,000 Preferred Shares at a $1.00 per Preferred Share. Subscribers must subscribe for a minimum of 25,000 Preferred Shares at a Subscription Price of $1.00 per Preferred Share for a total of $25,000. For subsequent investments by existing Preferred Shareholders holding at least 25,000 Preferred Shares, the minimum number of Preferred Shares that may be subscribed for is 5,000 Preferred Shares at a subscription price of $1.00 per Preferred Share for a total of $5,000.

Below is an overview of the rights and restrictions attaching to the Preferred Shares.

Definitions

"Eligible Owner" of a Person shall mean:

(a) a Retirement Savings Plan registered in accordance with the Tax Act held for the benefit of a Person;
(b) a Retirement Savings Plan registered in accordance with the provisions of the Income Tax Act of Canada held for the benefit of the spouse of a Person;
(c) a Trust governed by a Deferred Profit Sharing Plan (D.P.S.P.) held for the benefit of a Person;
(d) a Trust governed by a Registered Pension Plan (R.P.P.) held for the benefit of a person;
(e) a Retirement Income Fund (R.I.F.) held for the benefit of a Person;
(f) a Registered Education Savings Plan (RESP) held for the benefit of a Person;
(g) a Tax Free Savings Account held for the benefit of a Person;
(h) any Savings Plan created by either the Government of Canada or a Provincial Government in Canada where the plan is held for the benefit of a Person.

"Person" shall mean a shareholder who is a human being.

"Redemption Amount" for a Preferred Share shall be a sum of money equal to the net book value of that Preferred Share at the date of determination of the Redemption Amount. PROVIDED however, that if the most recent balance sheet of the Company as at such date of determination reported a deficit, the Redemption Amount shall be a sum of money equal to the par value of the Preferred Share plus all dividends declared and unpaid on the Preferred Share at the date of determination of the Redemption Amount, less a sum equal to the amount of such reported deficit divided by the number of Preferred Shares and Common shares issued and outstanding at the date of the balance sheet upon which such deficit was reported. A Redemption Amount per Preferred Share shall be determined on the basis of the year end statements for each redemption notice received by the Company within 60 days after the fiscal year end of the Company in which the redemption notice was received.

Transfer and Sale of Preferred Shares

This offering of Preferred Shares is made only on a private placement basis to investors who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. **There is no market for the Preferred Shares. The transferability of the Preferred Shares will also be subject to resale restrictions under applicable securities laws** (See Item 10 – Resale Restrictions)**.** The Company will be entitled to require and may require, as a condition of allowing any transfer of any Preferred Share, the transferor or transferee, at their expense, to furnish to the Company evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Company) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

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

Without limiting the generality of the foregoing, no Preferred Share shall be transferred without the previous consent of the directors expressed by a resolution of the Board and the directors may at any time in their absolute discretion decline to register any proposed transfer and shall not be required to disclose their reasons therefor.

The foregoing restriction shall not apply in respect of any transfer or transfers by any Person of his Preferred Shares to an Eligible Owner or the Eligible Owner of a Person's spouse or the transfer of Preferred Shares held by his/her Eligible Owner to the Eligible Owner of his/her spouse and no transfer of Preferred Shares will be authorized unless the Shareholder's Common shares, if any have been issued, are transferred to or redeemed by the Company. Notwithstanding the foregoing, the transferability of the Preferred Shares will always be subject to resale restrictions under applicable securities laws (See Item 10 – Resale Restrictions).

Voting Rights

The holders of Preferred Shares shall not be entitled to receive notice of or to attend any general meeting of shareholders of the Company, and if a holder of a Preferred Share is present at a general meeting of shareholders of the Company, he/she shall not be entitled to vote at meetings of the holders of the Common shares.

Distributions

The Company distributes all of its profits to Preferred Shareholders by way of annual dividends in cash or in shares of the Company and is not taxed on its earnings. The annual rate of return on investment for Preferred Shareholders has ranged between 7.35% - 8.00% in recent years. There is no guarantee that the Company can provide such a rate of return every year. The Company does not utilize debt financing for the payment of its distributions.

The payment of dividends depends entirely on the Company's financial performance in a given year. The Company has no obligation to issue dividends, rather it is only at the discretion of the Company's Board. If approved by the Company's Board, cash or share dividends are issued to Preferred Shareholders at the end of each financial year.

The Company expects to continue to be profitable. For the financial year ending July 31, 2015, all Preferred Shareholders re-invested their dividends, totaling $1,197,742 in the Company.

Mandatory Redemption

Upon the death of holder of Preferred Shares if no spouse survives, the Company shall, within 90 days after the end of the fiscal year of the Company in which such death occurred, and subject to the provisions of the BCBCA, redeem all the Preferred Shares owned by holder and by his/her Eligible Owners at the date of his/her death, by paying to the holder each Preferred Share the par value of such Preferred Share owned by that holder, the "Redemption Amount".

Rights of Redemption of Preferred Shareholders

A Preferred Shareholder may, subject to the provisions of the BCBCA, give to the Company irrevocable notice that he/she wishes to redeem any or all of the Preferred Shares owned by him/her or his/her Eligible Owner for the Redemption Amount of said Preferred Shares.

A redemption notice shall only be effected by the Company if the Company is not insolvent at the time that the redemption is to be effected and if the redemption would not render the Company insolvent and if such redemption does not affect the Company's status as a MIC. The provisions in the foregoing paragraph do not apply if the redemption notice does not set out all the Preferred Shares owned by a Person or his/her Eligible Owners.

Rights on Winding up or Liquidation

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

Modification of Special Rights and Restrictions

The rights and restrictions and rights given to the Preferred Shares may not be altered, amended or changed in any way without a resolution passed by a majority of not less than three-quarters (3/4) of the then registered holders of the Preferred Shares and without a special resolution passed by the then registered holders of the Common shares, and not otherwise.

5.2 Subscription Procedure

The minimum initial investment in the Company is $25,000. The minimum subsequent investment in the Company for existing Preferred Shareholders holding at least 25,000 Preferred Shares is $5,000. The Company reserves the right to change the minimum amount at any time and from time to time.

Subscribers may purchase Preferred Shares from the Company. Orders may be sent to the Manager at its principal office or such other address as specified by the Manager by courier or telecommunication facilities. The Company will schedule closings quarterly on February 1st, May 1st, August 1st and November 1st or such other times as decided by the Company.

The subscription price is payable upon subscription pursuant to the terms of the applicable subscription agreement(s), by cheque, bank draft or electronic transfer, payable to "MacCallum Law Group LLP, In Trust". No financing of the subscription price will be provided by the Company or the Manager.

Qualified Investors

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

The offering is being conducted in the Province of British Columbia pursuant to the exemptions from the registration requirements under BCI 32-517 (see Item 8 – Risk Factors "*Reliance on BCI 32-517")* and under prospectus requirements afforded by Sections 2.3, 2.5, 2.9 and/or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**").

<u>Section 2.3</u> The exemption pursuant to Section 2.3 of NI 45-106 is available for distributions to investors in British Columbia purchasing as principal and who are "accredited investors" as defined in NI 45-106.

<u>Section 2.5</u> The exemption pursuant to Section 2.5 of NI 45-106 is available for distributions to investors in British Columbia purchasing as principal and who are:

(a) a director, executive officer , or control person of the issuer, or of an affiliate of the issuer,

(b) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the issuer, or of an affiliate of the issuer,

(c) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the issuer or of an affiliate of the issuer,

(d) a close personal friend of a director, executive officer or control person of the issuer, or of an affiliate of the issuer,

(e) a close business associate of a director, executive officer or control person of the issuer, or of an affiliate of the issuer,

(f) a founder of the issuer or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the issuer,

(g) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the issuer,

(h) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g), or

(i) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g),

provided that no commission or finder's fee may be paid to any director, officer, founder, or control person of an issuer or an affiliate of the issuer in connection with any said distribution.

Section 2.9 The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors in British Columbia, purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a risk acknowledgement in the prescribed form.

Section 2.10 The exemption pursuant to Section 2.10 of NI 45-106 is available for distributions to investors in British Columbia purchasing as principal and who are acquiring Preferred Shares with acquisition cost to the Subscriber of not less than $150,000 paid in cash at the time of Closing.

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

The exemptions from the registration requirements contained in the applicable securities laws of the Province of British Columbia allow the Company to offer the Preferred Shares for sale directly to the investors.

Closing Documents

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

(a) complete and sign the form of subscription agreement prescribed by the Company from time to time (the "**Subscription Agreement**") specifying the number and class of Preferred Shares being subscribed for (the Company reserves the right to use different forms of Subscription Agreements for different investors);

(b) complete and sign two copies of the Risk Acknowledgement under BCI 32-517 in the form attached as Schedule "C" to the Subscription Agreement;

(c) if the investor is an "accredited investor" as defined in NI 45-106, complete and sign the accredited investor questionnaire attached as Schedule "A" to the Subscription Agreement;

(d) if the investor (i) is not an "accredited investor" as defined in NI 45-106, and (ii) is not purchasing Preferred Shares with an acquisition cost to the investor of not less than $150,000 paid in cash, complete and sign two copies of the Form 45- 106F4 — Risk Acknowledgement, in the form attached as Schedule "B" to the Subscription Agreement;

(e) deliver payment of the subscription price for the Preferred Shares subscribed for to the Company by certified cheque, bank draft or other electronic transfer satisfactory to the Company. Payments delivered to the Manager will be held in trust pending the later of the date of Closing the date which is two days following receipt of the subscription price (See Item 11 – Purchaser's Rights "***Two Day Cancellation Right for All Investors***"); and

(f) deliver to the Company the Subscription Agreement, Risk Acknowledgment and any other forms, declarations and documents as may be required by the Company to complete the subscription.

Subscriptions will be received subject to prior sales and acceptance of the investor's subscription, in whole or in part (subject to compliance with applicable securities laws), by the Company.

The aforementioned cash amounts, Subscription Agreements and other documents will be held in trust and released upon Closing. The subscription amount will be held in trust until midnight on the second business day after the investor signs a Subscription Agreement. Closings will occur on a continuous basis.

Acceptance of Subscriptions

Subscriptions received are subject to rejection or allotment in whole or in part by the Company. The Company reserves the right to close the subscription books at any time without notice. Confirmation of the acceptance of a subscription will be forwarded by the Company to the investor. The Company is not obligated to accept any subscriptions, and will reject any subscription which the Company considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Company will notify the investor and will return to the investor the subscription funds comprising such subscription, without interest.

An investor who subscribes for Preferred Shares by executing and delivering a Subscription Agreement will become a Preferred Shareholder after the Company accepts such subscription and the Company has received the subscription amount.

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

ITEM 6

INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

6.1 Independent Advice

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

6.2 Significant Income Tax Consequences

Assumptions

The following is a summary of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares by a Subscriber who, at all relevant times and for purposes of the Tax Act, is a resident solely of Canada, deals with the Company at arm's length, is not affiliated with the Company, and acquires and holds the Preferred Shares as capital property (a "**Holder**"). This summary only addresses Holders who meet all of the foregoing requirements. This summary is not applicable to any Holder of Preferred Shares (i) that is a "financial institution" or a "specified financial institution" for the purposes of the Tax Act, (ii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, or (iii) that reports its Canadian tax results in a "functional currency" (which excludes Canadian dollars).

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals (the "**Tax Proposals**") to amend the Tax Act or the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and our understanding of the current published administrative practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted as currently proposed, although no assurance in this regard can be provided. The summary does not take into account or anticipate any other changes in law, whether by way of legislative, governmental or judicial action and does not take into account tax legislation or considerations of any province, territory or foreign jurisdiction.

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

This summary is based on the assumption that the Company meets and will meet on a continuous basis certain conditions which are imposed by the Tax Act on the Company in order for the Company to qualify as a MIC thereunder. These conditions will generally be satisfied if all of the following conditions are met throughout a taxation year of the Company:

(a) the Company was a Canadian corporation as defined in the Tax Act,

(b) the Company's only undertaking was the investing of funds and it did not manage or develop any real property,

(c) none of the property of the Company consisted of debts owing to the Company secured on real or immovable property situated outside Canada, debts owing to the Company by non-resident persons unless such debts were secured on real or immovable property situated in Canada, shares of the capital stock of corporations not resident in Canada, or real or immovable property situated outside of Canada or any leasehold interest in such property,

(d) the Company had at least 20 shareholders, and no one shareholder (together with any related person) at any time in the year owned, directly or indirectly, more than 25% of the issued shares of any class of the Company or was otherwise a “specified shareholder” for purposes of the Tax Act, also taking into account certain applicable rules for the purposes of counting shareholders that are registered pension plans or deferred profit sharing plans for purposes of the Tax Act,

(e) all holders of preferred shares of the Company had the right, after payment to them of their preferred dividends and payment of dividends in a like amount per share to the holders of any common shares of the Company, to participate pari passu (equally) with the holders of the common shares in any further payment of dividends,

(f) the cost amount of the Company’s property consisting of debts secured (whether by mortgages, hypothecs, or in any other manner) on houses or on property included within a housing project (as those terms are defined in the National Housing Act), together with cash on hand and deposits with a bank or any other corporation whose deposits are insured by the Canada Deposit Insurance Corporation, the Régie de l’assurance-dépots du Québec, or with a credit union (collectively, the “Qualifying Property”), was at least 50% of the cost amount to it of all of its property,

(g) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage, hypothec or agreement of sale of real property held by the Company) owned by the Company did not exceed 25% of the cost amount to it of all of its property,

(h) where at any time in the year the cost amount to the Company of its Qualifying Property as defined in (f) above was less than two-thirds of the cost amount to it of all of its property, the Company’s liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities;

(i) where (h) above did not apply, in that the cost amount of its Qualifying Property equaled or was greater than two-thirds of the cost amount of all the Company’s property, the Company’s liabilities did not exceed five times the amount by which the cost amount to it of all its property exceeded its liabilities.

It is intended, and this summary assumes, that these requirements will be satisfied on a continuous basis and that the Company will qualify as a MIC for purposes of the Tax Act at all relevant times. If the Company were not to qualify as a MIC at any relevant time, the income tax consequences would be materially different from (and generally adverse compared to) those described below. Tax considerations applicable where the Company does not so qualify as a MIC at any particular time are not discussed in this summary or elsewhere in the Offering Memorandum.

Taxation of the Company

Provided that the Company qualifies as a MIC throughout a taxation year, the Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Company in computing its income for the preceding year. In addition, a corporation that qualifies as a MIC throughout a taxation year may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and, by making an election in prescribed manner, is entitled to deduct one-half of such dividend from its taxable income.

The Company will be subject to tax at the highest corporate rates. However, at this time the Company believes that it qualifies and will continue to qualify as a MIC, and intends to declare dividends to the extent necessary to reduce its taxable income each year to nil so that it has no tax payable under Part I of the Tax Act, and intends to elect to have dividends to be capital dividends to the maximum extent allowable.

Taxation of the Holders of Preferred Shares

Provided that the Company qualifies as a MIC, dividends (other than capital gains dividends) which are paid by the Company on the Preferred Shares will be included in Holders' incomes as bond interest, and capital gains dividends will be treated as realized capital gains of Holders and will be subject to the general rules relating to the taxation of capital gains. **AS THE DIVIDENDS (OTHER THAN CAPITAL GAINS DIVIDENDS) ARE TAXED AS BOND INTEREST, THE NORMAL GROSS UP AND DIVIDEND TAX CREDIT RULES WILL NOT APPLY TO DIVIDENDS PAID BY THE COMPANY TO AN INDIVIDUAL AND TRUSTS ON PREFERRED SHARES, AND HOLDERS THAT ARE CORPORATIONS WILL NOT BE ENTITLED TO DEDUCT THE AMOUNT OF DIVIDENDS PAID BY THE COMPANY IN COMPUTING TAXABLE INCOME.**

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

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

In general, one-half of any capital gain realized by a Holder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the Holder's income under the Tax

Act as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized in a taxation year is to be deducted against any taxable capital gains realized by the Holder in such year and, to the extent not so deductible, may generally be carried back three years or forward indefinitely and deducted against taxable capital gains realized in such years.

The taxable capital gains realized by a Holder that is an individual may give rise to alternative minimum tax depending upon the Holder's circumstances. A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) of 6⅔ % on certain investment income, including amounts in respect of interest and taxable capital gains.

6.3 Eligibility for Investment

The Preferred Shares will be qualified investments under the Tax Act for a trust governed by a Registered Retirement Savings Plan ("**RRSP**"), Registered Educational Savings Plan ("**RESP**"), Deferred Profit Sharing Plan, Registered Retirement Income Fund ("**RRIF**") or a Tax Free Saving Account ("**TFSA**") (collectively, the "**Plans**") at a particular time provided that the Company qualifies as a MIC under the Tax Act at such particular time and further provided that throughout the relevant calendar year, the Company does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under the Plan, or of any other person who does not deal at arm's length with that person. Adverse tax consequences, not discussed herein, would generally result if the Company at any time fails to qualify as a MIC or its shares otherwise fail to constitute qualified investment for Plans.

Notwithstanding that the Preferred Shares may be a qualified investment for a TFSA, an RRSP or a RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, which acquires Preferred Shares will be subject to a penalty tax under the Tax Act if such Preferred Shares are a "prohibited investment" (within the meaning of the Tax Act) for the particular TFSA, RRSP or RRIF. The Preferred Shares will generally be a prohibited investment for a TFSA, an RRSP or RRIF if the holder of the TFSA, or annuitant of the RRSP or RRIF, as applicable, (i) does not deal at arm's length with the Company for purposes of the Tax Act or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Company. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Company unless the holder or annuitant, as the case may be, owns directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the Company (or of any related corporation), either alone or together with persons with which the holder or annuitant, as the case may be, does not deal at arm's length. In addition, the Preferred Shares will not be prohibited investments if they are "excluded property" as defined in the Tax Act.

Holders and annuitants should consult their own tax advisors to ensure that the Preferred Shares would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisors to obtain advice on the RRSP eligibility of these securities.

ITEM 7

COMPENSATION PAID TO SELLERS AND FINDERS

The Manager, the Company, their respective directors, officers and employees will sell the Preferred Shares. No commission, corporate finance fee or finder's fee is payable to the Manager or any person in respect of orders to purchase Preferred Shares of the Company.

ITEM 8

RISK FACTORS

The purchase of Preferred Shares involves a number of risk factors and is suitable only for Subscribers who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on a Subscriber's investment. In addition to the other information presented in this Offering Memorandum, the following risk factors should be given special consideration when evaluating an investment in any of our securities. The risk factors outlined below are not a definitive list of all risk factors associated with an investment in the Company.

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

Investment Risk

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

No Regulatory Review

This Offering Memorandum has not been reviewed by any regulatory authorities.

No Market for Preferred Shares

There is no market through which the Preferred Shares may be sold, and the Company does not expect that any market will develop pursuant to this Offering or in the future. Accordingly, an investment in Preferred Shares should only be considered by Subscribers who do not require liquidity. The Preferred Shares are subject to onerous resale restrictions under applicable securities legislation. See "Item 10 - Resale Restrictions", regarding resale restrictions applicable to the Preferred Shares.

Redemption Liquidity

The Preferred Shares are redeemable, meaning that Subscribers have the right to require the Company to redeem them, upon appropriate advance notice from the Subscriber to the Company. See "Terms of Securities".

Notwithstanding that the Preferred Shares are redeemable, the Company gives no assurance that any Subscriber will be able to redeem any or all of their Preferred Shares at any time. Redemption is not possible if the Company is insolvent at the time that the redemption is to be effected and/or if the redemption would render the Company insolvent. Redemption of the Preferred Shares is subject to applicable corporate and securities legislation, and is subject to the terms in this Offering Memorandum, all as determined solely by the Company. Redemption is only permissible where said redemption does not affect the Company's status as a MIC. Accordingly this investment is unsuitable for those prospective Subscribers who may require liquidity.

The Preferred Shares are not insured

The Company is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

Speculative Investment

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

No Voting Rights

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

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

Dilution

The number of Preferred Shares the Company is authorized to issue is 50,000,000 and the Directors have the sole discretion to issue additional Preferred Shares up to said number. The proceeds of this Offering may not be sufficient to accomplish all of the Company's proposed objectives. In addition to alternate financing sources, the Company may conduct future offerings of Preferred Shares in order to raise the funds required which will result in a dilution of the interest of the Preferred Shareholders in the Company and the income or loss from the Company.

No Guaranteed Return

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

Lack of Full Offering

There is no assurance that more than the minimum Offering will be sold. In that case, less than the maximum proceeds will be available to the Company and, therefore, the Company's business plans and prospects could be adversely affected, since fewer Mortgage loans will be issued by the Company.

Issuer Risk

Risks that are specific to the Company include the following:

Composition of Mortgage Portfolio & Related Parties

Approximately 30% of the Company's current Mortgage portfolio consists of loans provided to related parties to the Company, including Nordel Homes Ltd. and Nordel Homes (Nanaimo) Ltd.

Although the Company does not anticipate any adverse events with respect to these related party Mortgages, there can be no assurance that the mortgagors will not default on their mortgage obligations to the Company. In the event the Company is unable to recover monies owed under these outstanding Mortgages, the Company and its shareholders would potentially face serious financial losses on their investments, which may impact the long-term viability of the Company.

Inadequate Diversification of Mortgage Porfolio

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

Availability and Competition

The ability of the Company to make investments in Mortgages in accordance with its investment objectives and parameters will depend upon the availability of suitable investments and the amount and nature of Mortgages available.

The Company does and will continue to compete with individuals, partnerships, companies, trusts and institutions for the investment in the financing of real properties. Many of these competitors have greater resources than the Company or operate with greater flexibility. If lenders enter the market, the yields which are now available may decrease and the risk/reward ratio may become less favourable to the Company than it is currently.

Alberta Economic Conditions

The Company has approximately $2.8 million in outstanding mortgages with Alberta-based borrowers. In recent months, the Province of Alberta has faced a serious economic recession and subsequent liquidity problems in its commercial and residential housing markets. There is a risk that Alberta-based borrowers may default on their mortgage obligations if there is an ongoing decline in the viability of residential and commercial property development projects in Alberta. Any default on mortgages held with the Company would have adverse consequences for the Company's financial position.

Mortgage Investment Company Tax Designation

Under the Company's articles the Company's directors are required to use their best efforts to ensure that the Company qualifies as a MIC pursuant to the Tax Act. As well, the Company's Articles of Incorporation grant the directors the discretion to reject any applications for share dividends or share subscriptions, transfers, redemptions or retractions where, in the view of the directors, such would not be in the Company's best interests as a mortgage investment under the Tax Act.

There can be no assurance, however, that the Company will be able to meet the Tax Act's mortgage investment qualifications at all material times.

As a company qualified as a MIC the Company may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Company on the Preferred Shares. Rather, the dividends will be taxable in the hands of shareholders as if they had received an interest payment. If for any reason the Company fails to maintain its MIC qualification in a particular year, the dividends paid by the Company on the Preferred Shares would cease to be deductible from the income of the Company for that year and the dividends it pays on the Preferred Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Preferred Shares might cease to be qualified investments for Deferred Plans, with adverse tax implications.

Reliance on the Manager

In accordance with the terms of the Management Agreement between the Company and the Manager, the Manager has significant responsibility for assisting the Company to conduct its affairs. Any inability of the Manager to perform competently or on a timely basis will negatively affect the Company.

Preferred Shareholders will be relying on the expertise of the Manager in selecting appropriate real estate investments and negotiating the pricing and other terms of the agreements leading to the acquisition of such investments.

Reliance on BC Instrument 32-517

The Preferred Shares are being sold pursuant to the dealer registration exemption contained in BCI 32-517 which provides limited relief from the requirements to register as an Exempt Market Dealer for trade in a security in connection with a prospectus-exempt distribution provided that the dealer meets the requirements of BCI 32-517. The Company's ability to sell the Preferred Shares without registering is dependent upon the Company's continued ability to rely on BCI 32-517. Should the Canadian Securities Administrators or the British Columbia Securities Commission order that the Company cannot rely on BCI 32-517, the Company may at any time be prohibited from continuing any sales of Preferred Shares until registered. If the Company is prohibited from continuing to sell Preferred Shares until registered it could inhibit the Company's ability to meet its proposed objectives.

Conflict of Interest

Conflicts of interest exist, and others may arise, between Subscribers and the directors and officers of the Manager and the Company and their associates and affiliates.

In particular, the Manager is not prohibited from carrying on business ventures (other than for the Company) for its own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Company. The Manager may establish in the future other investment vehicles which have or may have similar or competing investment objectives to those of the Company.

Industry Risk

There are also risks faced by the Company because of the industry in which it operates. Real estate investment is subject to significant uncertainties due, among other factors, to uncertain costs of construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns associated with the Company's mortgage loans reflect the greater risks involved in making these types of loans as compared to long term conventional mortgage loans. In addition, prospective Subscribers should take note of the following:

Nature of Mortgage Backed Investments

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

Insurance

The Company's mortgage loans will not usually be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which the Company may not be able to insure against or which the Company may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted.

Priority

Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the Mortgages registered in favor of the Company. In the event of default by the mortgagor under any prior financial charge, the Company may not recover any or all of the monies advanced.

Default

If there is default on a Mortgage it may be necessary for the Company, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing. In such cases it is possible that the total amount recovered by the Company may be less than the total investment, resulting in loss to the Company. Equity investments in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Company's income.

Renewal of Mortgages

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

Composition of Mortgage Portfolio

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

Yield

The yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, government regulation and tax laws. The Company cannot predict the effect that such factors will have on its operations.

ITEM 9

REPORTING OBLIGATIONS

9.1 Required Disclosure

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

The Company's fiscal year commences August 1 in each year and ends July 31 of the following year. The Company will prepare audited financial statements for each fiscal year in connection with an annual general meeting to be held as required by the *Business Corporations Act* (British Columbia), and provide them to shareholders within 120 days of the Company's fiscal year end.

9.2 Public Disclosure

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

Information about the Company may be obtained from the British Columbia Registrar of Companies, the British Columbia Securities Commission, and the British Columbia Financial Institutions Commission. The Company is not a publicly traded company therefore no corporate or securities information about the Company is available from a quotation or trade reporting system.

ITEM 10

RESALE RESTRICTIONS

10.1 General Statement

Preferred Shares 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 Restricted Period

Unless permitted under securities legislation, you cannot trade Preferred Shares before the date that is four months and a day after the date the Company becomes a reporting issuer in any Province or territory of Canada. The Company has no intention or plan to proceed with becoming a reporting issuer.

ITEM 11

PURCHASERS' RIGHTS

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

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

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

11.1 Two Day Cancellation Right for All Investors

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Company or the Manager by midnight on the second business day after you sign the Subscription 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, investors resident in British Columbia will have a statutory right to sue:

(a) the Company to cancel your agreement to buy these securities, or

(b) for damages against the Company, every director of the Company at the date of the Offering Memorandum and every person who signs the Offering Memorandum or any amendment thereto.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense 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 purchased 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 purchased the securities.

ITEM 12

FINANCIAL STATEMENTS

12.1 The Company's audited annual financial statements as at July 31, 2014, are attached.

12.2 The Company's audited annual financial statements as at July 31, 2015, are attached.

GUARDS CAPITAL CORP.

Financial Statements

Year Ended July 31, 2014

GUARDS CAPITAL CORP.
Index to Financial Statements
Year Ended July 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Guards Capital Corp.

We have audited the accompanying financial statements of Guards Capital Corp., which comprise the statement of financial position as at July 31, 2014 and the statements of comprehensive income and deficit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continues)

1010 - 789 West Pender Street
Vancouver, BC V6C 1H2
203 - 1133 Lonsdale Avenue
North Vancouver, BC V7M 2H4
303 - 15261 Russell Avenue
White Rock, BC V4B 2P7
CA
604 639 0909 clearlineca.ca

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guards Capital Corp. as at July 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Guards Capital Corp. adopted International Financial Reporting Standards on August 1, 2013 with a transition date of August 1, 2012. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at July 31, 2013 and August 1, 2012 and the statements of comprehensive income and deficit and cash flow for the year ended July 31, 2013 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

clearline

Vancouver, BC
May 22, 2015

CHARTERED ACCOUNTANTS

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Chartered Accountants

GUARDS CAPITAL CORP.

Statement of Financial Position

July 31, 2014

	July 31 2014	(Unaudited) *July 31* 2013	(Unaudited) *August 1* 2012
ASSETS			
Current			
Cash and cash equivalents	**$ 681,242**	$ 328,145	$ 685,935
Mortgages receivable *(Note 8)*	**16,108,134**	17,193,575	14,778,017
	$ 16,789,376	$ 17,521,720	$ 15,463,952
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	**$ 39,551**	$ 40,492	$ 52,004
Payable to Syndicate Partners	**-**	-	614,400
Dividends payable	**1,197,742**	1,149,571	1,198,684
	1,237,293	1,190,063	1,865,088
Shareholders' Equity			
Share capital *(Note 9)*	**15,564,583**	16,331,657	13,598,864
Retained earnings (deficit)	**(12,500)**	-	-
	15,552,083	16,331,657	13,598,864
	$ 16,789,376	$ 17,521,720	$ 15,463,952

ON BEHALF OF THE BOARD

"Jaswinder Sahota" *Director*

"Manjit Bains" *Director*

See notes to financial statements

GUARDS CAPITAL CORP.

Statement of Comprehensive Income and Deficit

Year Ended July 31, 2014

	2014	2013 *(Unaudited)*
REVENUE		
Interest income	**$ 1,301,017**	$ 1,339,315
Financing and other income	**102,344**	11,012
	1,403,361	1,350,327
GENERAL AND ADMINISTRATIVE EXPENSES		
Management fees	**168,096**	170,727
Professional fees	**27,963**	16,439
Interest and bank charges	**15,648**	10,181
Office	**6,412**	2,268
Insurance	**-**	1,137
	218,119	200,752
NET INCOME FOR THE YEAR	**1,185,242**	1,149,575
Retained earnings - beginning of year	**-**	-
	1,185,242	1,149,575
Dividends declared	**(1,197,742)**	(1,149,575)
RETAINED EARNINGS (DEFICIT) - END OF YEAR	**$ (12,500)**	$ -

See notes to financial statements

GUARDS CAPITAL CORP.

Statement of Cash Flows

Year Ended July 31, 2014

	2014	2013 *(Unaudited)*
OPERATING ACTIVITIES		
Net income	**$ 1,185,242**	$ 1,149,575
Item not affecting cash:		
Gain on reversal of impairment	**100,000**	-
	1,285,242	1,149,575
Change in non-cash working capital:		
Accounts payable and accrued liabilities	**(942)**	(11,512)
Cash flow from operating activities	**1,284,300**	1,138,063
INVESTING ACTIVITY		
Change in mortgage receivable	**985,442**	(2,415,558)
FINANCING ACTIVITIES		
Dividends paid	**(1,149,571)**	(1,198,688)
Change in share capital	**(767,074)**	2,732,793
Payable to Syndicate Partners	**-**	(614,400)
Cash flow from (used by) financing activities	**(1,916,645)**	919,705
INCREASE (DECREASE) IN CASH FLOW	**353,097**	(357,790)
Cash - beginning of year	**328,145**	685,935
CASH - END OF YEAR	**$ 681,242**	$ 328,145

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See notes to financial statements

1. NATURE OF OPERATIONS

Guards Capital Corp. (the "Company") was incorporated provincially under the Business Corporations Act of British Columbia on August 1, 1997. The Company operates as a Canadian Mortgage Investment Corporation ("MIC") as defined under the Income Tax Act of Canada.

The Company lends on security of mortgages on real properties situated in the provinces of British Columbia and Alberta. The mortgages transacted by the Company do not generally meet the underwriting criteria of conventional lenders. As a result the investments are subject to greater risk and accordingly earn a higher rate of interest than is generally obtainable through conventional mortgage lending activities.

The registered head office of the Company is 17665 66A Ave, Surrey, BC, Canada, V3S 2A7.

2. STATEMENT OF COMPLIANCE

These financial statements for the year ended July 31, 2014 represent the Company's first annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and interpretations issued by the International Accounting Standards Board ("IASB").

The Company adopted IFRS in accordance with IFRS 1 First Time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date of August 1, 2012. Consequently, the comparative figures for 2013 and the Company's Statement of Financial Position as at August 1, 2012 have been restated to comply with IFRS.

IFRS 1 allows certain exemptions from retrospective application of IFRS in the opening statement of financial position; these are explained in Note 3 where they have been used.

The Financial Statements of the Company for the period ended July 31, 2014 were authorized for issue in accordance with a resolution of the directors on May 22, 2015.

3. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In preparing these Financial Statements, the Company has elected to apply the following transitional provisions permitted by IFRS 1:

Exemptions:
- No exemptions have been elected by the Company on transition to IFRS.

Exceptions:
- Estimates made in accordance with IFRS at the date of transition are consistent with estimates made previously on the same date, unless objective evidence exists that indicates that those estimates were in error. Any estimates made at August 1, 2012, that were not required prior to transition to IFRS, reflect conditions that existed at that date.

- The Company has not recognized any financial assets or financial liabilities under IFRS that were derecognized previously unless they qualify for recognition as a result of a later transaction or event.

The accounting policies in Note 6 have been applied in preparing the Financial Statements for the year ended July 31, 2014, the comparative information for the year ended July 31, 2013, and the opening IFRS statement of financial position as at August 1 , 2012.

There were no changes in the Statement of Financial Position, Statement of Comprehensive Income or Statement of Cash Flow upon transition to IFRS.

4. BASIS OF PREPARATION

Basis of measurement
The Financial Statements were prepared under the historical cost convention.

The principal accounting policies are set out in Note 6.

Use of estimates and judgments
The preparation of Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 5.

Functional and presentation currency
These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

Allowance for mortgage losses
The Company reviews its individually significant mortgages at each reporting date to assess whether an impairment loss should be recognized. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

In estimating these cash flows, the Company makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Key assumptions in determining the allowance for impaired loans provision
The Company has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events the Company estimates the potential impairment using the loan type, industry, geographical location, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment (losses). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

For the purposes of the collective provision, loans are classified into separate groups with similar risk characteristics, based on the type of product and type of security. The Company currently does not require a collective provision for loans as specific provisions are determined to be adequate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Financial instruments

Classification and measurement
All financial instruments are initially recognized 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 as described below. Transactions to purchase or sell these items are recorded on the settlement date. During the year, there has been no reclassification of financial instruments.

Financial instruments classified as fair value through profit or loss
Financial instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's financial instruments classified as fair value through profit or loss include cash and cash equivalents.

Available-for-sale financial assets
Available for sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Certain equity instruments which do not trade in an open market and whose fair value cannot be reliably measured are recorded at cost. The Company does not have any financial instruments classified as available for sale.

Held-to-maturity financial assets
Financial assets classified as held-to-maturity are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial instruments classified as held-to-maturity.

Loans and receivables
Financial assets classified as loans and receivables are subsequently measured at amortized cost. The Company's financial instruments classified as loans and receivables include all mortgages receivable and accrued interest thereon.

Other financial liabilities
Financial instruments classified as other financial liabilities include accounts payable and accrued liabilities, due to related parties and unearned revenue. Other financial liabilities are subsequently carried at amortized cost.

(continues)

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments - continued

De-recognition of financial assets
De-recognition of a financial asset occurs when:

- The Company does not have rights to receive cash flows from the asset;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred or retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in comprehensive income.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

The Company classifies fair value measurements recognized in the Statement of Financial Position using a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

(continues)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management system. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Mortgages receivable

Mortgages receivable are initially measured at fair value plus incremental direct transaction costs. Mortgages receivable are subsequently re-measured at their amortized cost, net of allowance for credit losses, using the effective interest method, which approximates fair value. Interest revenue is recorded on the accrual basis using the effective interest method. Mortgage administration fees are amortized over the term of the mortgage using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

(continues)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allowance for loan impairment

Allowance for loan impairment represents specific and collective provisions established as a result of reviews of individual loans and groups of loans. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows the Company makes judgments about the credit worthiness of the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Mortgages receivable that have been assessed individually and found not to be impaired are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective provision takes account of data from the loan portfolio and based on analysis of historical data, such as credit quality, levels of arrears, historical performance and economic outlook.

Individual allowances are established by reviewing the credit worthiness of individual borrowers and the value of the collateral underlying the loan. Collective allowances are established by reviewing specific arrears and current economic conditions.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement. Restructured loans are defined as loans greater than 90 days delinquent that have been restructured outside the Company's normal lending practices as it relates to extensions, amendments and consolidations.

A mortgage receivable is classified as impaired and a provision for loss established when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Impairment is assessed at each reporting date, on a mortgage-by-mortgage basis and specific allowances are recorded if management determines that the mortgage receivable is impaired. In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the loans' original effective interest rate. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its fair value calculated based on an observable market price. Any previously accrued but unpaid interest on the loan is charged to the allowance for loan impairment. Interest income after the impairment is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets taken as settlement of debt

Assets taken as settlement of debt are initially recorded at the lower of cost and estimated net realizable value. Cost comprises the balance of the loan at the date on which the Company obtains title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Assets taken as settlement of debt are subsequently valued at the lower of their carrying amount and fair value less cost of disposal.

(continues)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and/or accumulated impairment losses, if any. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different lives, they are accounted for as separate items of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the Statement of Comprehensive Income and Deficit as incurred. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis . Currently, the Company has no property, plant or equipment capitalized.

The Company regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Gains or losses arising from de-recognition of an item of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income and Deficit when the asset is de-recognized.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of financial assets

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the financial asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The carrying amount of the financial asset is reduced through the use of the provision for impaired financial assets and the amount of the impairment loss is recognized in the Statement of Comprehensive Income and Deficit.

The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. The calculation of the present value of estimated future cash flows reflects the projected cash flows including provisions for impaired financial assets, prepayment losses, and costs to securitize and service financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss, is recognized in the Statement of Comprehensive Income and Deficit.

(continues)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Taxes

The Company is a MIC as defined in the Income Tax Act. Therefore, the Company is able to deduct, in computing taxable income, dividends paid to its shareholders during the year or within 90 days after year end. The Company intends to continue maintaining its status as a MIC and pay dividends to its shareholders to ensure it will not be subject to income taxes. Therefore, for financial statement reporting purposes, the tax deductibility of the Company's distributions result in the Company being effectively exempt from taxation and no provision for current or deferred income taxes is required for the Company.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must must also be met before revenue is recognized:

- Interest income is recognized on the Statement of Comprehensive Income and Deficit for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

- Fee income received is amortized into income over the term of the specific mortgage.

- Other income is recorded as related services are provided.

Unearned revenue

Unearned revenue includes fees received from borrowers that are amortized over the contractual terms of the mortgage.

Segmented reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Companies management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has determined that there are no separate operating segments of the Company. Decisions about continuing or disposing of assets are made at the entity level, not by individual mortgage segment or province.

7. RECENT ACCOUNTING PRONOUNCEMENTS

The corporation adopted amendments to IFRS 7, IFRS 13, IAS 1, and IAS 32. There was no material impact to the Company's financial statements as a result of the adoption of those standards.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 Financial instruments
In July 2014, the IASB issued a final revised IFRS 9 standard. IFRS 9 uses a singe approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also includes an expected credit loss model.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company will assess the impact of this standard in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 15 Revenue from contracts with customers
In May 2014, the IASB issued a new IFRS on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions.

The standard is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect this amendment to have a material impact on its financial statements.

8. MORTGAGES RECEIVABLE

	2014	2013
First mortgage to Nordel Homes Ltd. for properties located at 10336 240A Avenue, Maple Ridge, BC at 6% per annum	**$ 3,530,567**	$ 3,255,567
First mortgage to Black Rock Oceanfront Resort Inc. for four strata lots and second mortgage for twenty nine strata lots for properties located at 596 Marine Drive, Ucluelet, BC to at 8% per annum	**3,200,000**	3,200,000
Second mortgage to Nordel Homes Ltd. for the property located at Laguna View Road, Nanaimo, BC at 6% per annum	**2,884,000**	2,724,000
First mortgage to 745269 BC Ltd. for properties located at 19007, 19025 and 19047 Fraser Highway, Surrey, BC at 9% per annum	**2,000,000**	2,000,000
First mortgage to 1224034 Alberta Ltd. for the property located at 34000 Cochrane Lake Road, Cochrane, Alberta at 8% per annum	**1,690,000**	1,490,000
First mortgage to Creek Cross Holdings Ltd. and Creek Cross Developments Ltd. for the property located at Lot 10, Block 1, Plan 072-3758, Wetaskiwin, Alberta at 12% per annum	**500,000**	500,000
Second mortgage to Dal and Justin Garcha for properties located at 7469 & 7633 208 Street, Langley, BC at 12% per annum	**400,000**	400,000
Second mortgage to Creeks Crossing Holdings Ltd. for property located at Lot 10, Block 1, Plan 072-3758, Wetaskiwin, Alberta at 12% per annum	**350,000**	350,000
Second mortgage to Kuldip Takhar and Gobinder Takhar for the property located at 7894 - 197 Street, Langley, BC (0806521 BC Ltd.)	**300,000**	200,000
Second mortgage to Manjit Rai for the properties located at 18961 and 18965 119th Street, Pitt Meadows, BC at 12% per annum	**280,000**	280,000
First mortgage to 765228 BC Ltd. for property located at Sunshine Valley, BC at 10% per annum	**200,000**	200,000
Second mortgage to 437170 BC Ltd. for property located at 2725 Dartmouth Drive, Penticton, BC at 12% per annum	**200,000**	200,000
First mortgage to Taljinder Johal for the property located at #206 and #217 76 Avenue, Surrey, BC at 12% per annum	**170,000**	170,000
Second mortgage to 765228 BC Ltd. for property located at Sunshine Valley, BC at 12% per annum	**100,000**	100,000
Second mortgage to Yang Lu and Chig-Chiang Cheng for the property located at 9118 204 Street, Langley, BC at 10% per annum	**75,000**	75,000
Second mortgage to Baljit and Surinderpal Chahal for property located at 1580 Holden Road, Penticton, BC at 12% per annum	**60,000**	60,000
First mortgage to Manjit Rai for property located at 18963 119 Avenue, Pitt Meadows, BC at 9% per annum	**-**	525,000

(continues)

8. MORTGAGES RECEIVABLE *(continued)*

	2014	2013
First mortgage to 749813 BC Ltd. for the property located at 14499 59 Avenue, Surrey, BC at 8% per annum. The interest rate increased to 12% per annum effective June 1, 2013.	**-**	375,000
Second mortgage to Mountain Plateau Property Ltd. for property located at 12393 Dewdney Trunk Road, Mission, BC at 14% per annum	**-**	356,000
First mortgage to Gurdip Aujla and Jatinderpal Aujla for the property located at 21833 51 Avenue, Langley, BC at 10% per annum	**-**	275,000
Second mortgage to Nishidha Goel for property located at 5934 128th Street, Surrey, BC at 15% per annum	**-**	111,432
Second mortgage to Nordel Homes (Nanaimo) Ltd. Joint Venture for property located at Laguna View Road, Nanaimo, BC at 8% per annum	**-**	39,000
	15,939,567	16,885,999
Interest receivable	**168,567**	307,577
	$ 16,108,134	$ 17,193,576

9. SHARE CAPITAL

Authorized:

50,000,000	Class A Preferred non-voting shares, with a par value of $1.00
60	Common shares, with a par value of $1.00

		2014	2013
Issued:			
15,564,527	Preferred shares	**$ 15,564,527**	$ 16,331,603
56	Common Shares	**56**	54
		$ 15,564,583	$ 16,331,657

GUARDS CAPITAL CORP.

Financial Statements

Year Ended July 31, 2015

GUARDS CAPITAL CORP.

Index to Financial Statements

Year Ended July 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Guards Capital Corp.

We have audited the accompanying financial statements of Guards Capital Corp., which comprise the statement of financial position as at July 31, 2015 and the statements of comprehensive income and deficit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guards Capital Corp. as at July 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Guards Capital Corp. transacts mortgages that are generally subject to greater degree of risk than that of traditional mortgage lending.

clearline

Vancouver, BC
November 16, 2015

CHARTERED PROFESSIONAL ACCOUNTANTS

1010 - 789 West Pender Street
Vancouver, BC V6C 1H2
203 - 1133 Lonsdale Avenue
North Vancouver, BC V7M 2H4
303 - 15261 Russell Avenue
White Rock, BC V4B 2P7
CA
604 639 0909 clearlineca.ca

GUARDS CAPITAL CORP.

Statement of Financial Position

July 31, 2015

	2015	2014
ASSETS		
Current		
Cash and cash equivalents *(Note 7)*	**$ 748,639**	$ 681,242
Mortgages receivable *(Note 8)*	**18,503,453**	16,108,134
	$ 19,252,092	$ 16,789,376
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	**$ 27,560**	$ 39,551
Dividends payable	**1,381,537**	1,197,742
	1,409,097	1,237,293
Shareholders' Equity		
Share capital *(Note 9)*	**17,823,495**	15,564,583
Retained earnings (deficit)	**19,500**	(12,500)
	17,842,995	15,552,083
	$ 19,252,092	$ 16,789,376

ON BEHALF OF THE BOARD

"Jaswinder Sahota" *Director*

"Manjit Bains" *Director*

See notes to financial statements

GUARDS CAPITAL CORP.

Statement of Comprehensive Income and Deficit

Year Ended July 31, 2015

	2015	2014
REVENUE		
Interest income	**$ 1,395,166**	$ 1,301,017
Financing and other income	**224,350**	102,344
	1,619,516	1,403,361
GENERAL AND ADMINISTRATIVE EXPENSES		
Management fees	**171,830**	168,096
Professional fees	**26,773**	27,963
Interest and bank charges	**2,186**	15,648
Office	**5,191**	6,412
	205,980	218,119
NET INCOME FOR THE YEAR	**1,413,536**	1,185,242
Retained earnings (deficit) - beginning of year	**(12,500)**	-
	1,401,036	1,185,242
Dividends declared	**(1,381,536)**	(1,197,742)
RETAINED EARNINGS (DEFICIT) - END OF YEAR	**$ 19,500**	$ (12,500)

See notes to financial statements

GUARDS CAPITAL CORP.

Statement of Cash Flows

Year Ended July 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Net income	$ 1,413,536	$ 1,185,242
Item not affecting cash:		
Gain on reversal of impairment	100,000	100,000
	1,513,536	1,285,242
Change in non-cash working capital:		
Accounts payable and accrued liabilities	(11,990)	(942)
Cash flow from operating activities	1,501,546	1,284,300
INVESTING ACTIVITY		
Change in mortgage receivable *(Note 8)*	(2,495,319)	985,442
FINANCING ACTIVITIES		
Dividends paid	(1,197,742)	(1,149,571)
Change in share capital *(Note 9)*	2,258,912	(767,074)
Cash flow from (used by) financing activities	1,061,170	(1,916,645)
INCREASE IN CASH FLOW	67,397	353,097
Cash and cash equivalents - beginning of year	681,242	328,145
CASH AND CASH EQUIVALENTS - END OF YEAR *(Note 7)*	$ 748,639	$ 681,242
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	$ 782	$ 681,242
Term deposits - restricted	1,319,871	-
Bank indebtedness	(572,014)	-
	$ 748,639	$ 681,242

See notes to financial statements

1. NATURE OF OPERATIONS

Guards Capital Corp. (the "Company") was incorporated provincially under the Business Corporations Act of British Columbia on August 1, 1997. The Company operates as a Canadian Mortgage Investment Corporation ("MIC") as defined under the Income Tax Act of Canada.

The Company lends on security of mortgages on real properties situated in the provinces of British Columbia and Alberta. The mortgages transacted by the Company do not generally meet the underwriting criteria of conventional lenders. As a result the investments are subject to greater risk and accordingly earn a higher rate of interest than is generally obtainable through conventional mortgage lending activities.

The registered head office of the Company is 17665 66A Ave, Surrey, BC, Canada, V3S 2A7.

2. STATEMENT OF COMPLIANCE

These financial statements for the year ended July 31, 2015 represent the Company's first annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and interpretations issued by the International Accounting Standards Board ("IASB").

The Financial Statements of the Company for the period ended July 31, 2015 were authorized for issue in accordance with a resolution of the directors on November 16, 2015.

3. BASIS OF PREPARATION

The principal accounting policies are set out in Note 5.

Use of estimates and judgments
The preparation of Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4 and 5.

Functional and presentation currency
These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

Allowance for mortgage losses
The Company reviews its individually significant mortgages at each reporting date to assess whether an impairment loss should be recognized. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

In estimating these cash flows, the Company makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Key assumptions in determining the allowance for impaired mortgage provision
The Company has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events the Company estimates the potential impairment using the loan type, industry, geographical location, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment (losses). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

For the purposes of the collective provision, loans are classified into separate groups with similar risk characteristics, based on the type of product and type of security. The Company currently does not require a collective provision for loans as specific provisions are determined to be adequate.

As at July 31, 2015, no allowance for mortgages losses had been accounted for in the records of the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Classification and measurement
All financial instruments are initially recognized at fair value at the time of 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 as described below. Transactions to purchase or sell these items are recorded on the settlement date. During the year, there has been no reclassification of financial instruments.

Financial instruments classified as fair value through profit or loss
Financial instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through profit or loss. As at July 31, 2015, the Company's financial instruments classified as fair value through profit or loss include cash and cash equivalents.

Available-for-sale financial assets
Available for sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Certain equity instruments which do not trade in an open market and whose fair value cannot be reliably measured are recorded at cost. As at July 31, 2015, the Company does not have any financial instruments classified as available for sale.

Held-to-maturity financial assets
Financial assets classified as held-to-maturity are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial instruments classified as held-to-maturity.

Loans and receivables
Financial assets classified as loans and receivables are subsequently measured at amortized cost. As at July 31, 2015, the Company's financial instruments classified as loans and receivables include all mortgages receivable and accrued interest thereon.

Other financial liabilities
Financial instruments classified as other financial liabilities include accounts payable and accrued liabilities, due to related parties and unearned revenue. Other financial liabilities are subsequently carried at amortized cost.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments - continued

De-recognition of financial assets
De-recognition of a financial asset occurs when:

- The Company does not have rights to receive cash flows from the asset;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred or retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in comprehensive income.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

The Company classifies fair value measurements recognized in the Statement of Financial Position using a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management system. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Mortgages receivable

Mortgages receivable are initially measured at fair value plus incremental direct transaction costs. Mortgages receivable are subsequently re-measured at their amortized cost, net of allowance for credit losses, using the effective interest method, which approximates fair value. Interest revenue is recorded on the accrual basis using the effective interest method. Mortgage administration fees are amortized over the term of the mortgage using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must must also be met before revenue is recognized:

- Interest income is recognized on the Statement of Comprehensive Income and Deficit for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

- Fee income received is amortized into income over the term of the specific mortgage.

- Other income is recorded as related services are provided.

Unearned revenue

Unearned revenue includes fees received from borrowers that are amortized over the contractual terms of the mortgage.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allowance for mortgage impairment

Allowance for loan impairment represents specific and collective provisions established as a result of reviews of individual loans and groups of loans. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows the Company makes judgments about the credit worthiness of the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Mortgages receivable that have been assessed individually and found not to be impaired are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective provision takes account of data from the loan portfolio and based on analysis of historical data, such as credit quality, levels of arrears, historical performance and economic outlook.

Individual allowances are established by reviewing the credit worthiness of individual borrowers and the value of the collateral underlying the loan. Collective allowances are established by reviewing specific arrears and current economic conditions.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement. Restructured loans are defined as loans greater than 90 days delinquent that have been restructured outside the Company's normal lending practices as it relates to extensions, amendments and consolidations.

A mortgage receivable is classified as impaired and a provision for loss established when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Impairment is assessed at each reporting date, on a mortgage-by-mortgage basis and specific allowances are recorded if management determines that the mortgage receivable is impaired. In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the loans' original effective interest rate. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its fair value calculated based on an observable market price. Any previously accrued but unpaid interest on the loan is charged to the allowance for loan impairment. Interest income after the impairment is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets taken as settlement of debt

Assets taken as settlement of debt are initially recorded at the lower of cost and estimated net realizable value. Cost comprises the balance of the loan at the date on which the Company obtains title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Assets taken as settlement of debt are subsequently valued at the lower of their carrying amount and fair value less cost of disposal.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the financial asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The carrying amount of the financial asset is reduced through the use of the provision for impaired financial assets and the amount of the impairment loss is recognized in the Statement of Comprehensive Income and Deficit.

The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. The calculation of the present value of estimated future cash flows reflects the projected cash flows including provisions for impaired financial assets, prepayment losses, and costs to securitize and service financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss, is recognized in the Statement of Comprehensive Income and Deficit.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Taxes

The Company is a Mortgage Investment Corporation ("MIC") as defined in the Income Tax Act. Therefore, the Company is able to deduct, in computing taxable income, dividends paid to its shareholders during the year or within 90 days after year end. The Company intends to continue maintaining its status as a MIC and pay dividends to its shareholders to ensure it will not be subject to income taxes. Therefore, for financial statement reporting purposes, the tax deductibility of the Company's distributions result in the Company being effectively exempt from taxation and no provision for current or deferred income taxes is required for the Company.

(continues)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segmented reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Companies management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Management has determined that there are no separate operating segments of the Company. Decisions about continuing or disposing of assets are made at the entity level, not by individual mortgage segment or province.

As at July 31, 2015, the principle mortgage balances held in the Province of British Columbia totaled $15,004,491 (July 31, 2014 - $13,339,567). The principle mortgage balances held in the Province of Alberta totaled $3,330,129 (July 31, 2014 - $2,540,000).

6. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9 Financial instruments
In July 2014, the IASB issued a revised IFRS 9 standard. IFRS 9 uses a singe approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also includes an expected credit loss model.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company will assess the impact of this standard in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 15 Revenue from contracts with customers
In May 2014, the IASB issued a new IFRS on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based, five-step model to be applied to all contracts with customers, with certain exceptions.

The standard is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company does not expect this amendment to have a material impact on its financial statements.

7. CASH AND CASH EQUIVALENTS

The Company has an operating line of credit authorized to a maximum of $1,000,000 (July 31, 2014 - $1,000,000), bearing interest at the bank's prime rate plus 1.5%. As at July 31, 2015, the amount drawn on this credit facility is $572,014 (July 31, 2014 - nil).

The Company also holds $1,319,871 in a restricted term deposit as collateral against an irrevocable Letter of Guarantee. The Letter of Guarantee allows for partial drawings, and shall continue until the earlier of:
a) the Beneficiary demanding payment;
b) the amount demanded by the Beneficiary being paid; or
c) January 19, 2016 (the "Termination Date").

It is a condition of the Letter of Guarantee that it shall be deemed to be automatically extended after the Termination Date.

8. MORTGAGES RECEIVABLE

	2015	2014
First mortgage to Nordel Homes Ltd. for properties located at 10336 240A Avenue, Maple Ridge, BC at 8% per annum	**$ 3,956,067**	$ 3,530,567
First mortgage to Black Rock Oceanfront Resort Inc. for four strata lots and second mortgage for twenty nine strata lots for properties located at 596 Marine Drive, Ucluelet, BC to at 8% per annum	**3,200,000**	3,200,000
Second mortgage to Nordel Homes Ltd. for the property located at Laguna View Road, Nanaimo, BC at 8% per annum	**2,644,000**	2,884,000
First mortgage to 745269 BC Ltd. for properties located at 19007, 19025 and 19047 Fraser Highway, Surrey, BC at 9% per annum	**2,000,000**	2,000,000
First mortgage to 1224034 Alberta Ltd. for the property located at 34000 Cochrane Lake Road, Cochrane, Alberta at 8% per annum	**1,800,000**	1,690,000
First mortgage to Karen Ehrhardt for the property located at 5403 Buckingham Avenue, Burnaby, BC at 8% per annum	**1,329,424**	-
Mortgage to Elegant Development and 1330823 AB Ltd. for property in the Town of Stoney Plain, Alberta at 12% per annum	**680,129**	-
First mortgage to Gurdawar and Tirath Bassi for property located at 6360 43A Avenue, Ladner, BC at 11% per annum	**550,000**	-
First mortgage to Creek Cross Holdings Ltd. and Creek Cross Developments Ltd. for the property located at Lot 10, Block 1, Plan 072-3758, Wetaskiwin, Alberta at 12% per annum	**500,000**	500,000
Second mortgage to Kuldip Takhar and Gobinder Takhar for the property located at 7894 - 197 Street, Langley, BC (0806521 BC Ltd.)	**400,000**	300,000
Second mortgage to Creeks Crossing Holdings Ltd. for property located at Lot 10, Block 1, Plan 072-3758, Wetaskiwin, Alberta at 12% per annum	**350,000**	350,000
Second mortgage to 437170 BC Ltd. for property located at 2725 Dartmouth Drive, Penticton, BC at 12% per annum	**200,000**	200,000
First mortgage to 765228 BC Ltd. for property located at Sunshine Valley, BC at 10% per annum	**200,000**	200,000
First mortgage to Narjit Kaur Singh for the property located at 3335 Valleyview Road, Penticton, BC at 12% per annum	**190,000**	-
Second mortgage to 0765228 BC Ltd. for property located at Sunshine Valley, BC at 12% per annum	**100,000**	100,000
Second mortgage to 0765228 BC Ltd. for property located at Sunshine Valley, BC at 12% per annum	**100,000**	-
Second mortgage to Yang Lu and Chig-Chiang Cheng for the property located at 9118 204 Street, Langley, BC at 10% per annum	**75,000**	75,000

(continues)

8. MORTGAGES RECEIVABLE *(continued)*

	2015	2014
Second mortgage to Baljit and Surinderpal Chahal for property located at 1580 Holden Road, Penticton, BC at 12% per annum	**60,000**	60,000
Second mortgage to Dal and Justin Garcha for properties located at 7469 & 7633 208 Street, Langley, BC at 12% per annum	**-**	400,000
Second mortgage to Manjit Rai for the properties located at 18961 and 18965 119th Street, Pitt Meadows, BC at 12% per annum	**-**	280,000
First mortgage to Taljinder Johal for the property located at #206 and #217 76 Avenue, Surrey, BC at 12% per annum	**-**	170,000
	18,334,620	15,939,567
Interest receivable	**168,833**	168,567
	$ 18,503,453	$ 16,108,134

9. SHARE CAPITAL

Authorized:

50,000,000	Class A Preferred non-voting shares, with a par value of $1.00 and with a redemption value of $1.00
60	Common shares, with a par value of $1.00

		2015	2014
Issued:			
17,823,438	Preferred shares	**$ 17,823,438**	$ 15,564,527
57	Common Shares	**57**	56
		$ 17,823,495	$ 15,564,583

Preferred Share Rights and Restrictions
Ownership Limits - Directors shall not consent to allow any shareholder to hold more than 25% of the issued preferred shares.

Transfer and Sale - No preferred shares shall be transferred without the previous consent of the Board of Directors expressed by a resolution. Directors may at any time decline to register the proposed transfer without reason. No transfer shall be authorized unless the shareholder's common shares are transferred or redeemed by the Company.

10. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

As at July 31, 2015, the Company has a mortgage receivable from Nordel Homes Ltd on a property in Maple Ridge, BC in the amount of $3,956,067 (July 31, 2014 - $3,530,567) and interest receivable of $762 (July 31, 2014 - ($2,702)).

As at July 31, 2015, the Company has a mortgage receivable from Nordel Homes Ltd. on a property in Nanaimo, BC in the amount of $2,644,000 (July 31, 2014 - $2,884,000) and interest receivable of $21,484 (July 31, 2014 - $4,315).

No Director received remuneration for services during the years ended July 31, 2015 and 2014, and no amounts were held in accounts payable as due to any Directors during the years ended July 2013, 2015 and 2014.

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

11. SUBSEQUENT EVENTS

Subsequent to the year ended July 31, 2015, the mortgage receivable from 0745269 BC Ltd. was repaid in full and is longer outstanding.

Also subsequent to the year ended July 31, 2015, the mortgage receivable from Narjit Kaur Singh was repaid in full and is no longer outstanding.

ITEM 13
DATE AND CERTIFICATE

Dated this 25th day of June, 2016.

This Amended Offering Memorandum does not contain a misrepresentation.

GUARDS CAPITAL CORP.

Per: *"Chander Khosla"*
CHANDER KHOSLA
President & Director

"Kewal Athwal"
KEWAL ATHWAL
Treasurer & Director

ON BEHALF OF THE BOARD OF DIRECTORS:

Per: *"Manjit Bains"*
MANJIT BAINS
Secretary & Director

"Jaswinder Sahota"
JASWINDER SAHOTA
Director

Per: *"Rajdeep Johal"*
RAJDEEP JOHAL
Director

"Kiran Sandhu"
KIRAN SANDHU
Director

Per: *"Gurjeet Dhindsa"*
GURJEET DHINDSA
Director