

Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers



Date: December 23, 2022

The Issuer

Name: Lendmax Capital Mortgage Investment Corp. (the “Corporation”)
Head office: 6 Indell Ln, Brampton ON L6T3Y3
Phone #: 289-275-5579
E-mail address: info@lcmic.ca
Currently listed or quoted: **These securities do not trade on any exchange or market**
Reporting Issuer: **No**
SEDAR filer: **No**

The following is a summary of the principal features of an investment in the Corporation and is qualified in its entirety by the more detailed information contained further in the Offering Memorandum.

The Offering (all reference to dollar amounts are to Canadian dollars, except where otherwise indicated.)

Securities Offered:	The Offering consists of an unlimited number of Class B Preferred Shares and Class R Preferred Shares (together, the “Offered Shares”). See “Description of the Offered Shares”.
Price per Security:	\$1.00 per Offered Share.
Maximum Offering:	The Maximum Offering is \$5,000,000. There is no minimum Offering. You may be the only investor. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.
Minimum Subscription Amount:	Subscribers must subscribe for a minimum of 5,000 Offered Shares (\$5,000). The Corporation may accept subscriptions in a lesser amount in its sole discretion.
Payment Terms:	Full Subscription Price is payable through Waverley Corporate Financial Services Ltd. payment options.
Proposed Closing Date(s):	The Offered Shares will be offered for sale on a continuous basis. Closings will occur on the dates established by the Managers in its discretion. All subscriptions received are subject to rejection, or allotment and the Corporation reserves the right to terminate this Offering without notice.
Income Tax Consequences:	There are important tax consequences to these securities. See section “Income Tax Consequences and RRSP Eligibility”. Subscribers should consult their independent professional advisors before making an investment in this Offering.
Selling Agent:	Waverley Corporate Financial Services Ltd. (“Waverley” or the “Agent”). See “Compensation paid to Sellers and Finders”.
Resale Restrictions:	You will be restricted from selling your securities for an indefinite period. See “Resale Restrictions”.
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 “Purchasers' Rights of Action for Damages or Rescission”.

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”.

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

Continuous Offering

December 23, 2022

AMENDED AND RESTATED OFFERING MEMORANDUM

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Class B Preferred Shares and

Class R Preferred Shares

**SUBSCRIPTION PRICE: \$1.00 PER SHARE
MINIMUM INITIAL INVESTMENT: \$5,000**

*This Offering Memorandum (the "**Offering Memorandum**") constitutes a continuous offering of securities of Lendmax Capital Mortgage Investment Corp. (the "**Corporation**") as described herein, on a private placement basis only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada or any other jurisdiction has reviewed the Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed or will be filed with any such authority in connection with the securities offered hereunder. The Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not, and under no circumstances, is to be construed as a prospectus or advertisement or a public offering of these securities. No person is authorized to give any information or make any representation not contained in the Offering Memorandum in connection with the offering of these securities and if given or made, any such information or representation may not be relied upon. The securities described herein are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act, are not insured under the provisions of that Act or any other legislation, and are not guaranteed. **Under applicable laws, resale of the securities offered hereunder may be subject to indefinite restrictions, other than through redemption of the securities or another available exemption.***

Potential investors should pay particular attention to the information under "Risk Factors" in the Offering Memorandum. An investment in the securities described herein requires the financial ability and willingness to accept certain risks. No assurance can be given that the objective of the Corporation will be achieved or that investors will receive a return of their investment.

The Corporation is offering, on a private placement basis, an unlimited number of Class B Preferred Shares and Class R Preferred Shares (together, the "**Offered Shares**" or individually "**Share**") in the capital of the Corporation at a price of \$1.00 per Share (the "**Offering**").

The Offered Shares will be offered to eligible investors under certain prospectus exemptions under National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") in accordance with the conditions specified in the Offering Memorandum. The Offered Shares may be offered in each of the provinces and territories of Canada (the "**Selling Jurisdictions**") pursuant to available prospectus exemptions and subject to the registration requirements of applicable securities legislation in the Selling Jurisdictions.

The minimum initial investment amount for Offered Shares purchased by investors that are accredited investors ("**Accredited Investor Exemption**"), and the offering memorandum exemption (the "**Offering Memorandum Exemption**") is \$5,000. For investors who are not relying the preceding exemptions and who are non-individuals, Offered Shares may be purchased by relying on the minimum amount exemption in NI 45-106 (the "**Minimum Amount Exemption**"), which requires a minimum initial investment of \$150,000. The requirements of each prospectus exemption are set out in the accompanying Subscription Agreement.

The Corporation has the right to waive or vary the minimum subscription amount in its sole discretion, subject to applicable securities laws. There is no market through which the Offered Shares may be sold and no such market is expected to develop as a consequence of the subscription.

The Offered Shares being distributed pursuant to the Offering Memorandum are subject to restrictions on resale until such time as: (i) appropriate hold periods under applicable securities laws have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the Corporation is not a reporting issuer pursuant to applicable securities laws, the applicable hold periods may never expire, and if no further statutory exemption may be relied upon or if no discretionary order is obtained, this could result in a purchaser having to hold Offered Shares for an indefinite period of time. The Corporation does not currently intend to file a prospectus or otherwise become a reporting issuer pursuant to applicable securities laws and accordingly it is not intended that the Offered Shares will become freely tradable. See "*Resale Restrictions*".

Purchasers of Offered Shares pursuant to the Offering Memorandum are granted certain rights of action for damages or rescission described herein under the heading "*Purchaser's Rights of Action for Damages or Rescission*".

COVID-19

The COVID-19 pandemic and associated business disruptions could seriously harm our future revenues and financial condition, delay our operations, increase our costs and expenses, and impact our ability to raise capital. Please review identified risks within *Section 8 – Risks Factors*

EACH PURCHASER OF OFFERED SHARES IS ADVISED TO CONSULT WITH THEIR OWN LEGAL ADVISOR AS TO THE COMPLETE DETAILS OF THE EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS BEING RELIED UPON AND THE CONSEQUENCES OF PURCHASING OFFERED SHARES PURSUANT TO SUCH EXEMPTIONS.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under the applicable securities legislation and the respective regulations, rules and policies and orders thereunder and all applicable published orders and rulings ("**securities legislation**") of the applicable securities commissions or similar regulatory authority ("**securities regulatory authority**").

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

In addition to and apart from this Offering Memorandum, the Corporation may utilize certain marketing materials in connection with the Offering, including an executive summary of certain of the material set forth in this Offering Memorandum. This material may include fact sheets and Subscriber sales promotion brochures, question and answer booklets, and presentations. All such marketing materials are specifically incorporated by reference into and form an integral part of this Offering Memorandum. All such marketing materials will be delivered or made reasonably available to a prospective purchaser prior to the purchase by such prospective purchaser of Offered Shares. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently delivered Offering Memorandum which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

CURRENCY

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

INTERPRETATION

In this Offering Memorandum, unless the context otherwise requires, when we use terms such as the "Corporation", "we", "us" and "our", we are referring to Lendmax Capital Mortgage Investment Corp. and when we use the terms such as "Subscriber", or "you" or "Subscriber" we are referring to a person who purchases Offered Shares under the Offering, thereupon becoming an investor in the Corporation. Words importing the singular number only, include the plural and vice versa, and words importing the masculine, feminine or neuter gender include the other genders.

Where used in this Offering Memorandum, the following capitalized words and phrases shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings, respectively:

"Act" or the "CBCA" means the *Canada Business Corporations Act*, as now enacted or as the same may from time to time be amended, re-enacted or replaced (and, herein the case of such amendment, re-enactment or replacement, any references herein shall be read as referring to such amended, re-enacted or replaced provisions).

"Articles" means articles of incorporation of the Corporation, as they may be amended, modified or restated, from time to time,

"Business Day" means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Corporation's registered office is then situated.

"Class A Shares" means the Class A Common Shares in the capital of the Corporation, as constituted from time to time.

"Class B Shares" means the Class B Preferred Shares in the capital of the Corporation, as constituted from time to time.

"Class R Shares" means the Class R Preferred Share in the capital of the Corporation, as constituted from time to time.

"Common Shareholder" means a person recorded in the securities register of the Corporation for the Common Shares as being the registered holder of one or more Common Shares.

"Common Shares" means the common shares of the Corporation, as constituted from time to time.

"Corporate Objective" means the qualification of the Corporation and maintenance of its status at all times as a "mortgage investment corporation" within the meaning of the Tax Act, as reasonably interpreted and applied by the directors of the Corporation.

"Directors" or "Board of Directors" means the board of directors of the Corporation.

"Dividend Payment Date" means, where with respect to a month, dividends have been declared by the Board of Directors in accordance with the provisions hereof, the 15th day of the following calendar quarter.

"Liquidation Distribution" means a distribution of assets of the Corporation among its shareholders arising on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

"NI 45-106" means National Instrument 45-106 – *Prospectus Exemptions*.

"Preferred Shares" means the Class B Preferred Shares and Class R Preferred Shares.

"Preferred Shareholder" means a person recorded in the securities register of the Corporation for the Preferred Shares as being the registered holder of one or more Preferred Shares.

"Redemption Date" means, with respect to the Preferred Shares, the last day of a business month.

"Redemption Price" means, with respect to a Preferred Share, the sum of \$1.00 together with all declared and unpaid dividends on the Preferred Share.

"Redemption Request" means, with respect to the Preferred Share, a written notice in prescribed form, duly completed by the Preferred Shareholder, requesting the corporation to redeem Preferred Shares specified therein.

"Shares" means collectively, the Common Shares and the Preferred Shares, or any combination thereof as the context may require.

"Subscribers" means a subscriber for Offered Shares pursuant to the Offering.

"Tax Act" means the *Income Tax Act* (Canada), as amended from time to time.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table provides a breakdown of the expected available funds following the completion of the Offering:

		Assuming Minimum Offering ⁽¹⁾	Assuming Maximum Offering
A.	Amount to be raised by this Offering	\$0	\$5,000,000
B.	Selling commissions and fees (estimated) ⁽²⁾	\$0	\$80,000
C.	Estimated Offering costs (e.g., legal, accounting, audit.) ⁽³⁾	\$0	\$45,000
D.	Available funds: D = A - (B+C)	\$0	\$4,875,500
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency ⁽⁴⁾	\$0	\$0
G.	Total: G = D + E + F	\$0	\$4,875,500

Notes:

1. There is no minimum Offering. The Corporation will offer an unlimited number of Offered Shares on a continuous basis at the Managers' discretion until the Maximum Offering is completed or terminated.
2. The Corporation sells Offered Shares through dealers authorized to do so. The Corporation may pay selling commissions or fees of up to 0.75% of the funds raised on the Class B Shares and up to 3% on the Class R Shares. See "*Compensation Paid to Sellers and Finders.*"
3. As at the date of this Offering Memorandum, the Corporation does not have a working capital deficiency.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds:

Description of intended use of net proceeds listed in order of priority	Assuming Minimum Offering ⁽¹⁾	Assuming Maximum Offering
To the payment of monthly management, advisory fees and mortgage services fees ⁽²⁾	\$0	\$50,000
Working Capital	\$0	\$25,000
To lend out funds and make investments permitted by a MIC under the Tax Act (as defined below) ⁽³⁾	\$0	\$4,800,000
Total: Equal to G in the Funds table above	\$0	\$4,875,500

Notes:

1. There is no minimum Offering. The Corporation will offer an unlimited number of Offered Shares on a continuous basis at the Managers' discretion until the Maximum Offering is completed or terminated.
2. This amount reflects a yearly estimate of the following fees payable to the Managers (as defined below) under the Management Agreement (as defined below). See "*Business of the Corporation – Structure.*" The Managers are paid 1% of AUM calculated monthly as per the Management Agreement. AUM is defined as the total of the principal amount of the outstanding mortgage balances (less any credit losses).
3. It is anticipated that the funds raised from this Offering after expenses will be used for permitted lending and funding new mortgage investments. The amount that we have available for these purposes will depend upon whether we achieve the Maximum Offering.

1.3 Reallocation

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

ITEM 2 BUSINESS OF THE CORPORATION

2.1 Structure

Lendmax Capital Mortgage Investment Corporation (the “**Corporation**”, “**Company**”, or “**Issuer**”) was incorporated under the *Canada Business Corporations Act* on October 6, 2020. The Corporation's head and registered office is located at 6 Indell Ln, Brampton ON L6T3Y3. The Common Shares of the Corporation are owned by in equal proportions by its four directors: Michele Squeo, Ankush Jaswal, Michelle Donaubauer, and Kelly McBride.

The Corporation is required under its articles of incorporation to qualify and remain qualified as a "mortgage investment corporation" or a "MIC" as mortgage investment corporations are commonly referred to, under the *Income Tax Act* (Canada) (“**Tax Act**”). This effectively enables the MIC to operate as a tax-free "flow through" conduit of net income to its shareholders.

The Corporation's business objective is to generate income by optimizing its investment portfolio within the MIC criteria mandate by the Tax Act. The Tax Act's MIC criteria are discussed in further detail below. See ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY.

Lendmax Inc. (“Lendmax”) is a Canadian controlled private corporation. Lendmax is licensed through FSRA and provides mortgage administration services for the Corporation.

Management of the Corporation

The Board of Directors oversees the overall business and undertaking of the Corporation. The day-to-day operations of the Corporation are managed by Lendmax Inc. (the “**Manager**”) under a Fund Management Agreement dated November 15th, 2020, with the Corporation which provides for management, advisory, underwriting and administration services for the investments by the Managers (“**Management Agreement**”).

The Manager has been engaged by the Corporation to provide it with management, mortgage origination and mortgage administration services. Mortgage investments are sourced primarily through Managers. The Manager may employ from time to time the services of related persons, including real estate brokers and lending companies. Any fees paid by the Corporation to such related persons will be at rates consistent with those charged by arms-length third parties.

The Board of the Corporation is now composed of four directors namely – Michele Squeo, Ankush Jaswal, Michelle Donaubauer, and Kelly McBride. Michele Squeo is the Chief Executive Officer and the President of the Corporation.

Relationship between the Corporation and the Managers

The Corporation and the Manager are related companies insofar as Michele Squeo, who has received 25% of the total outstanding Common Shares from the company as a recipient to the 25% shares of ownership that were surrendered from previously appointed CEO, Saminder Juneja per his resignation from the role as of December 23, 2022.

Michele Squeo, is the sole shareholder of the Manager (Lendmax Inc.). as of December 23, 2022 who has received complete ownership of the mortgage administration arm, as the director of the Corporation, and is also the sole director of the Manager. The Corporation and the Managers also share key employees and decision- makers. As a result, the Corporation and the Managers are under common direction and control.

The Managers, or any of its officers, shareholders, employees or affiliates, may purchase for their own account and own as a co-lender, a percentage interest in any investment held by the Corporation. The Managers or any related company or individual may hold a subordinate portion in any mortgage which is presented to the Corporation for investment, and the rate of return on such a subordinate portion may vary from the Corporation's rate of return due to the differing loan- to-value risk assumed by the Corporation. See Conflicts of Interest in Section 2.2 below.

Management Fees and Expenses

The Corporation will pay the following amounts to the Managers under the terms of the Management Agreement:

- (a) A management fee up to and equal to 1.00% per annum of the outstanding aggregate principal balance of all mortgages, or the outstanding aggregate principal balance of the Corporation's percentage interest therein, and the book value of the Corporation's investments other than mortgages, calculated monthly on the first day of the month at the rate of 0.08333%, aggregated and payable in monthly installments on the last day of each month and prorated for any partial month.

- (b) The Managers are entitled to deduct any amounts deductible under the Management Agreement, including its interest allocations, before distributing amounts to the Corporation under the Management Agreement. In addition, the Managers are entitled to retain any overnight float interest on all accounts maintained by it and all lender, broker, origination, commitment, renewal, extension, advance, discharge, late payment, participation, NSF, administration and similar or other fees generated on the investments acquired by the Corporation, which fees are and remain the sole property of the Managers, and to the extent that they are recovered from the borrowers or investment.
- (c) All rights granted to the Managers and other amounts payable to the Managers pursuant to the terms hereof shall include the applicable amount of harmonized sales tax ("HST") payable in respect thereof. Accordingly, the Managers shall be responsible for remitting all HST payable on the fees stated above at such times and in such amounts as required by law.
- (d) The Managers are responsible for all its internal costs including, without limitation, all its internal costs incurred in originating, sourcing, arranging and offering investments for sale to the Corporation.

All the other costs with respect to the Corporations' business shall be paid for by the Corporation including, without limitation, taxes, legal, accounting, audit, operating, offering, management and administration fees and expenses, and fees and expenses associated with the acquisition, registration, disposition, holding, collection and enforcement of the Corporation's investments.

Management Agreement

The Corporation has entered a Management Agreement with the Manager pursuant to which the Manager will provide exclusive ongoing management, mortgage administration and advice and consulting services to the Corporation. The Management Agreement is for an indefinite term, subject to certain provisions for termination.

1. The Corporation may terminate the Management Agreement if the Manager fails to materially comply with the terms of the Management Agreement and remains unremedied for a period of 30 days after notice of such failure has been given by the Corporation to the Manager describing such failure in detail.
2. The Manager may terminate the Management Agreement if the Corporation fails to materially comply with the terms of the Management Agreement and remains unremedied for a period of five (5) business days after notice of such failure has been given by the Corporation to the Manager describing such failure in detail.

Pursuant to the terms of the Management Agreement, the Corporation has agreed to indemnify and reimburse the Managers, as well as its directors, officers, shareholders, employees and agents, from and against any losses, claims, costs, damages and liabilities suffered or sustained by it in the course of carrying out its duties under the Agreement, or suffered as a result of any third party claims other than those suits claims or demands occasioned by the Managers gross negligence or willful misconduct.

Third Party Marketing Agreements, Finder's Fees and Commissions

The Managers on behalf of the Corporation may enter into marketing agreements with third parties such as financial advisors, stockbrokers and dealers, and financial intermediaries to market the Offered Shares on behalf of the Corporation. The managers and their respective directors, officers or shareholders, may receive a compensation for placing the Offered Shares where the investment has been referred by a director/officer/share holder, a onetime commission payment to be mutually decided and agreed upon on an annual basis by the board of directors capped to a maximum of up to 3% of the aggregate investment amount which is to be paid at minimum 365 days after the investment has been received by the Corporation and has been contracted for a minimum of 3 years. See "*Material Agreements – Marketing Agreement*" and "*Compensation Paid to Sellers and Finders*".

Credit Committee/Consulting Board

The Manager has established a credit committee that consists solely of external professionals. Each member of the credit committee will review all mortgages and loans to be made by the Corporation and provide a rating between 1 and 10. The rating will consider property value, service ability, exposure risk, and other factors. An average score of 6 is required in order to proceed.

Investment Process

Once each member of the committee has provided their rating on a prospective investment opportunity, the Directors of the Company will review their reports and make the final investment decision.

Committee Members

1. Amitabh Chakrabarty – Former Chief Operating Officer of the State Bank of India (Canada). Currently a home financing advisor at Scotiabank.
2. Hassan Naqvi – Senior Credit Risk Habib Bank Canada.
3. Rajesh Sharma – Sales Manager at Desjardins.
4. Surya Sasan – Barrister & Solicitor with Aastha Lawyers
5. Jahanzaib Khalid – Sole Practitioner at JZK Law Professional Corporation

2.2 Our Business

The Mortgage Portfolio

The Corporation's primary business is earning income through investing in a portfolio of residential and commercial mortgages. Commercial mortgages are mortgages that are principally secured by land developments or income-producing properties that have retail, commercial, service, office and/or industrial uses. Residential mortgages those mortgages principally secured by single family houses. The Corporation will actively employ resources to originate mortgages, the Corporation also relies on Lendmax, a related corporation, to underwrite, administer and execute related actions while the corporation provides mortgages for investment.

The Credit Committee is responsible for managing the Corporation's mortgage investments. The agreement between the Corporation and the Fund Management Agreement between Lendmax Inc. (a related company) provides all mortgages underwritten by Lendmax. Lendmax will perform certain administrative duties in the management and administration of all mortgages held within the corporation. The corporation may employ a third party to administer mortgages outside of this relationship.

The Corporation, with the proceeds from this Offering, will begin investing into a portfolio of residential and commercial mortgages as follows:

1. **Residential Mortgages** - at least 50% with a target allocation of 80% of the Corporation's assets, at cost, to consist of mortgages on new, existing, proposed or in construction residential properties in Canada, including but not limited to, single family dwellings, duplexes, townhouses, condominium units and apartment buildings, land, income producing property, or cash on hand or deposit pending investment in mortgages.
2. **Commercial Mortgages** – up to 20% of the Corporation's assets may consist of conventional mortgages on existing, proposed or in construction retail, commercial or industrial properties in Canada in syndication with other lenders.
3. **Cash and Cash Equivalents**– up to 5% of the Corporation's assets may consist of cash in savings account or money market instruments, to meet any potential short-term obligations (e.g. redemption requests), or pending investment in mortgages.
4. **Real Property** – up to 25% of the Corporation's assets may be invested directly in real estate properties held for income purposes.
5. The Corporation may acquire real estate properties by foreclosure or otherwise as default occurs on a mortgage.
6. The Corporation is allowed to borrow funds under the provisions of the Tax Act, however, the Corporation has capped leverage up to 85% of the value of property owned by the Corporation with regards to Commercial Mortgages and 80% LTV on Residential Mortgages.

The Corporation was initially established in and its Manager conducts its business in the Province of Ontario. As the opportunities rise, the Corporation may expand its business to other Provinces.

The annualized dividend yield (net of all fees and expenses) to holders of Class A Shares since inception ended Dec 31, 2021 are summarized in the table below.

Fiscal Year Ending Dec 31	Class Shares
2021	6.00%

The Class B Shares were created in Jan, 2021 and had an annualized dividend yield is fiscal year 2021 of 6.00%.

See "*Description of Offered Shares – Dividend Policy*".

If deemed prudent by the Corporation, the Corporation may, from time to time, secure additional or replacement long term debt from financial institutions, other third parties or holders of Preferred Shares. Such loans may be secured by granting encumbrances, security interests or other charges on the assets of the Corporation.

Investment Policies, Restrictions and Guidelines

All investments will comply with the investment policies of the Corporation. The Corporation's investment policies, practices and restrictions include but are not limited to the following:

Investment Policies

The Company's business consists of lending money, principally residential mortgages to individual consumers, which comprise a target minimum of 80% of its mortgage portfolio by dollar value. The Company classifies residential mortgages into the following categories based on the underlying property type or the use of the mortgage proceeds: (i) properties with existing single or multi-family residential dwellings, (ii) lending to vacant land for the purpose of construction or development of residential dwellings, and (iii) construction loans for the development or construction of single or multi-family residential dwellings.

The Company, work closely with retail mortgage brokers throughout Canada to market itself as a lender of choice in the "alternative lending mortgage products" mortgage market segment. In this manner, it expects to be well positioned to receive referrals on mortgage lending opportunities that do not meet the criteria of the major lending institutions or that involve borrowers in rural areas typically not well serviced by major lenders.

The target Loan to Value ("LTV") of the Company's residential mortgage portfolio is 70% and up to 85% on a case-by-case basis. The target Loan to Value of the Company's commercial mortgage portfolio is 65% and up to 85% on a case-by-case basis. The maximum allowable LTV of any one residential mortgage in the portfolio will vary depending on the following criteria:

- For residential mortgages registered as security against properties with existing single or multi-family dwellings, the Company generally expects to lend up to a maximum LTV of 80%, although this is dependent on location and mortgage priority and case by case scenario for each individual borrower situation with care in risk being mitigated.
- For residential mortgages on vacant land (which excludes vacant land for the purposes of construction or development), the Company generally expects to lend up to a 50-65% LTV, although the amount is dependent upon the location and mortgage priority. The Company will only lend on vacant land on a case-by-case basis at the discretion of the Credit Committee and the Manager, and typically not for land speculation purposes. The Company does not intend to lend to large real estate developments as part of its regular business operations. Except in special circumstances that are at the discretion of the Credit Committee and the Manager, the Company will not make loans secured only by mortgages on vacant lands and will generally require additional security from the borrower and/or guarantors.
- The Company's mortgage portfolio will principally be comprised of first and second mortgages, targeting a net dividend yield of 6-12%. The Company targets an overall allocation, within its residential portfolio, of 50% to first mortgages and 50% to second mortgages. The Company **will not** lend on third mortgages.

The Company has adopted certain policies which establish the investment criteria for the Company's investment decisions. By entering into the Management Agreement (see "*Material Contracts – Management Agreement*"), the Manager has agreed to abide by and apply these policies, which are as follows:

- The Company is required to have approximately 5% of its total assets in cash, "near-cash" securities (such as term deposits, guaranteed investment certificates or money market securities) or have cash readily accessible via a line of credit at all times in order to meet redemption requests (see "*Redemption of Securities*"). The Company should also be in a position to redeem a prior mortgagee's interest in a given property if the Manager considers that it would be advantageous for the Company to do so, having regard to the market value of the property and the amount of mortgage debt due to the Company;
- The Company may not hold any indebtedness, whether by way of a mortgage or otherwise, of a person who is a common shareholder of the Company or of any other person who does not deal at arm's length with the annuitant of an RRSP or RRIF which holds Common Shares;
- The Company may not make any loan or investment which does not meet the "Canadian content" requirements of paragraph 130.1(6)(c) of the Tax Act;
- The Company may not make a loan which, together with all other mortgage loans that have priority over or rank *pari passu* with such loan, exceeds 90% of the fair market value of the mortgaged property, except when:
 - (i) such a mortgage is insured under the *National Housing Act* (Canada) or any similar legislation of a province, or

- (ii) the excess over 85% is insured by an insurance company registered or licensed under the *Insurance Companies Act* (Canada) or similar legislation of a Canadian province or territory;
- The Company may not make a loan secured by a mortgage on a property in which:
 - (i) any senior officer or director of the Company, the Administrator or the Manager, or
 - (ii) any associate or affiliate of a person referred to in (i) has an interest as mortgagor;
- The Company will not hold a fractional interest in a mortgage nor participate in mortgage syndications unless reviewed and approved by the Credit Committee from time-to-time;
- The Company may not hold a mortgage the term of which exceeds five years unless reviewed and approved by the Credit Committee from time-to-time. Mortgages held by the Company may contain provisions permitting the mortgagor, when not in default, to renew their mortgage for one or more additional terms.

Operating Policies

The Company will adhere to the following operating policies:

- I. the Company must obtain a Phase I environmental audit where the real estate to be provided as security for a mortgage is a commercial property when deemed necessary by the Credit Committee and/or Management. Where the real property is not of a commercial nature, a Phase I environmental study will not be commissioned unless the Manager deems such an audit to be necessary;
- II. the Company will obtain title insurance in respect of real property provided as security for a mortgage loan in such amounts and on such terms as the Administrator considers appropriate, or in the alternative, will obtain a favourable title opinion from a solicitor;
- III. the Company must ensure that all property taxes are up to date and that every property obtains current and valid title insurance; and
- IV. the legal title or an amendment to the legal title to each mortgage and other investments of the Company must be held by and registered in the name of the Company or the custodian.

Investment Restrictions

The Company's investment practices are subject to certain operating, lending and other restrictions which have been adopted by the Credit Committee and the Manager. According to these restrictions, the Company may not:

- I. make a mortgage loan if, immediately after the closing of the mortgage transaction, the amount so lent would be greater than 10% of the book value of the Company's net assets; where the Company's net assets exceeds \$5 million;
- II. guarantee securities or obligations of any person or company;
- III. engage in securities lending;
- IV. engage in derivative transactions for any purpose;
- V. lend money on the security of a mortgage (which is the primary collateral for the mortgage) unless an independent appraisal by a qualified real estate appraiser loan has been completed;
- VI. develop, manage or acquire (except by foreclosure or other enforcement of its rights as mortgagee) any real property. (From time-to-time, the Company may lend to commercial mortgages. The Company defines a "commercial mortgage" as a mortgage registered as security against commercial, industrial property or any non-residential property. The underlying loan for which a commercial mortgage is granted will have a fixed rate of interest.)
- VII. enter into a forward commitment that is binding on the Company unless the Company has, at the time such a commitment has been made, sufficient cash or "near cash" securities to fund the loan(s) to which the commitment relates; or
- VIII. otherwise conduct its business in a manner that would result in the Company no longer being qualified as a "mortgage investment corporation" under the Tax Act, or that would result in the Common Shares not being a "qualified investment" for RRSPs and RRIFs under the Tax Act.

Commercial Mortgages

From time-to-time, the Company may lend to commercial mortgages. The Company defines a "commercial mortgage" as a mortgage registered as security against commercial, industrial property or any non-residential property. The underlying loan for which a commercial mortgage is granted will have a fixed rate of interest.

Commercial mortgages will not include mortgages where the related mortgages are for the construction and development of commercial buildings on vacant lands. Borrowers in this category are typically willing to pay higher rates of interest for shorter term mortgages from

the Company. Once the need for interim financing is complete, these borrowers typically refinance their debt for longer-term mortgages at lower interest rates with conventional financial institutions.

It is anticipated that a significant majority of the Company's mortgage portfolio will be residential and not commercial mortgages. If and to the extent it does invest in any commercial mortgages, the Company will target commercial mortgages that comprise 5% or less of its mortgage portfolio by dollar value. If any commercial mortgages are made, they will generally have a maximum LTV of 65% with a one-year term.

Conflicts of Interest

Michele Squeo who holds the position of Chief Executive Office of the corporation is also operating as a licensed mortgage broker under FSRA engaged in an independent contractor agreement with RateShop Inc. As the Corporation's director and a licensed mortgage broker, there is potential for conflict of interest where the corporation may act on a transaction originated by the director and have a direct benefit from commissions earned, where the board of directors will act as an approval committee to negate any influence of the approval decision. Directors, officers or shareholders of affiliates of the Corporation may lead to origination where there is a direct benefit from commissions or referral incentives earned, where the board of directors will act as an approval committee to negate any influence of the approval decision and the director in question is required to pardon themselves from the decision making process in a full upfront disclosure on every transaction.

Michelle Donaubaauer is the spouse of previously positioned CEO of the corporation, where the spouse is an actively licensed mortgage broker. There is potential for conflict of interest where the director may have a direct benefit from commissions earned, where the board of directors will act as an approval committee to negate any influence of the approval decision and the director in question is required to pardon themselves from the decision making process in a full upfront disclosure on every transaction.

National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* requires securities dealers to disclose information that a reasonable investor would expect to know about the client's relationship with the dealer, including any material conflicts the dealer or its representatives may have with a client. These regulations require dealers to provide this disclosure to clients prior to making any trades.

Waverly Corporate Financial Services Ltd. (**Waverley**) is registered as an exempt market dealer and sells the securities of Lendmax Capital Mortgage Investment Corporation. (the "Issuer"). Ali Zaidi is sponsored by Waverley as a dealing representative of an exempt market dealer and receives compensation from Waverley for engaging in such activities permitted through registration.

Although none of the directors or officers of the Corporation will devote all of his or her full time to the business and affairs of the Corporation, each will devote as much time as is necessary to manage or advise on the business and affairs of the Corporation. In addition, the Board of Directors is required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose the nature and extent of any interest that they may have in any actual or proposed material contract or transaction with the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose the nature and extent of his or her interest and act in accordance with applicable corporate law. See also "*Item 8 – Risk Factors*".

Changes to Investment Policies

If, due to a change in the provisions of the Tax Act or other legislation applicable to the Corporation, any of the foregoing investment policies require amendment to comply with such change in legislation, the Corporation's directors may, subject to the Articles, make such change and such change will be binding on the Corporation.

It is anticipated that the Managers will provide the Corporation with assistance from time to time on revising the foregoing investment policies to comply with applicable legislation. In the event of any amendment to the foregoing investment policies, subject to the Articles of the Corporation, the Managers will be required to comply with and observe such change immediately upon such change becoming effective.

Redemption and Retraction Rights

The Corporation has established certain policies and guidelines in respect of the rights of retraction granted to holders of Preferred Shares and the rights of redemption granted to the Corporation. See "*Description of Securities Offered - Terms of Securities.*"

2.3 Development of Business

The Corporation commenced active operations On Jan 22, 2021. To date, the Corporation has raised approximately \$810,752.79 in funds which has been invested in \$760,000.00 in mortgages. The principals of the Managers have more than 15 years of experience in the real estate and mortgage industry as mortgage brokers, investors and lenders. These qualifications enable the Managers to provide mortgage management, administrative and advisory services to the Corporation.

As the CEO of the corporation, over the next 5 years Michele Squeo who has a lengthy exposure in private mortgages will aim at creating a network of investor referral sources which will drive the lending capacity for the corporation. Michele will also be responsible for working with mortgage agent origination sources to expand the corporation's footprint in lending across Ontario.

The following tables illustrate the characteristics of the Corporation's mortgage portfolio as at Dec 31, 2021 in terms of mortgage rank, property type, location of the underlying real estate security, loan-to-value ratio and proportion of the portfolio that is non- performing. Note that the information contained in the tables below is unaudited.

Mortgage ⁽¹⁾ Portfolio Property Type	\$760,000.00	100%
<i>1st Mortgages (2)</i>	\$760,000.00	100%
Residential	\$760,000	100%
<i>2nd Mortgages (3)</i>	0.00	0.00
Residential	0.00	0.00%
Commercial	0.00	0.00%
TOTAL	\$760,000.00	100%
Portfolio Allocation – Location - Rank		
First Mortgages	\$760,000	100%
Second Mortgages	0.00	0.00%
TOTAL	\$760,000.00	100%

Notes:

1. Mortgage means an interest in a mortgage, a mortgage of a leasehold interest (or other like instrument, including an assignment or an acknowledgement of an interest in a mortgage) a hypothecation, a deed of trust or an acknowledgement of an interest in real property used to secure obligations to repay money by a charge on the real property.
2. First Mortgage means a mortgage where there is no other person that holds a prior registered mortgage on the same real property.
3. Second Mortgage means a second mortgage for which the principal amount, at the time of commitment, together with the principal balance outstanding on any mortgage having priority on the same property secured by any such second mortgage, does not exceed 90% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser.

As the Company has not begun its investing activities, a summary table of the portfolio's loan to value is not available.

2.4 Long Term Objectives

The long-term objective of the Corporation is to provide its Preferred Shareholders' sustainable monthly income distributions while preserving the principal invested at all times.

The Corporation however, as a newly established business, has no previous operating experience in which to assess its ability to meet its objectives. The Corporation seeks to achieve these objectives by investing in accordance to its investment policies. The Corporation seeks to raise investment funds of \$5,000,000 per annum for the growth of its portfolio of mortgages. The Managers has implemented an investment strategy to prudently manage the risk of investing in mortgages.

There is no assurance of any return on a Subscriber's investment.

2.5 Short Term Objectives and How We Intend to Achieve Them

Our objectives over the next 12 months are to raise \$5,000,000 and to achieve a target return of between 6-9% for our investors by investing the proceeds into mortgages.

The following table sets out how the Corporation intends to meet its objectives for the next 12 months.

What we must do and how we will do it	Target completion date or alternatively, the number of months required to complete	Cost to Complete
Raise funds of up to \$5,000,000 in the next 12 months. ⁽¹⁾	12 months	\$125,000
Invest available funds into mortgages. ⁽²⁾	12 months	\$4,875,000
Total:		\$5,000,000

Notes:

- (1) This figure includes, legal, audit, accounting (estimated at \$45,000) as well as \$80,000 in commissions payable on subscriptions assuming \$5,000,000 is raised under this Offering.
- (2) This figure includes a consideration of the costs of sourcing and administering the mortgages.

2.6 Insufficient Funds

The proceeds of the Offering may not be sufficient to accomplish all the Corporation's proposed objectives and there is no assurance that alternative financing will be available.

Material Agreements

The following are the material agreements to which the Corporation is currently a party. Electronic copies of these agreements are available upon request.

- (a) The Articles of the Corporation set out the rights and restrictions attached to the Preferred Shares and the Common Shares. See "*Description of Securities Offered - Terms of Securities.*"
- (b) Subscription Agreements - each Subscriber will execute and deliver to the Corporation a Subscription Agreement whereby it agrees to subscribe for Offered Shares, on the terms and conditions set out therein and described in this Offering Memorandum; and
- (c) Fund Management Agreement – dated November 15th, 2020 with Lendmax Inc. See "*Business of the Corporation – Structure.*"
- (d) Marketing Agreement between Rateshop Inc., Lendmax Capital Mortgage Investment Corporation, and Lendmax Inc. dated as of January 18th, 2021 is rescinded as of Nov 21, 2022.
- (e) Corporation will enter into referral and marketing agreements with independent contractors whereby investors will be offered access to the investment into the corporation where the Independent contractors will be eligible to receive up to 3% of each dollar received from each qualified and identified investor payable 30 days after the completed raise is closed. See "*Third Party Marketing Agreements, Finder's Fees and Commissions*" and "*Compensation Paid to Sellers and Finders*".
- (f) On Nov 21, 2022 Lendmax Capital Mortgage Investment Corporation, and Lendmax Inc and Waverley CF have entered into an Agreement to execute investment review as a Dealing Representative licensed by OSC.

ITEM 3 INTERESTS OF 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 Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**principal holder**"). If the principal holder is not an individual, state in a note to the table the name of any person that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Corporation or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Corporation held after completion of Min. Offering	Number, type and percentage of securities of the Corporation held after completion of Max. Offering
Michele Squeo Woodbridge, Ontario	Director, Chief Executive Officer, President, and Secretary-Treasurer as of December 23 rd , 2022.	2020: Nil 2021: Nil 2022: Nil	1 Class A Common Share (25%)	1 Class A Common Share (25%)
Michelle Donaubauer Milton, Ontario	Director as of November 21 st , 2022.	2020: Nil 2021: Nil 2022: Nil	1 Class A Common Share (25%)	1 Class A Common Share (25%)
Kelly McBride Toronto, Ontario	Director as of December 10 th , 2020.	2020: Nil 2021: Nil 2022: Nil	1 Class A Common Share (25%)	1 Class A Common Share (25%)
Ankush Jaswal Brampton, Ontario	Director as of October 15 th , 2020.	2020: Nil 2021: Nil 2022: Nil	1 Class A Common Share (25%)	1 Class A Common Share (25%)
Ali Zaidi Milton, Ontario	Director, Chief Executive Officer, President, and Secretary-Treasurer as of October 6 th , 2020. Resignation: November 21st, 2022	2020: Nil 2021: Nil 2022: Nil	Nil	Nil
Louise Donaubauer Milton, Ontario	Director as of October 15 th , 2020. Resignation: November 21st, 2022	2020: Nil 2021: Nil 2022: Nil	Nil	Nil
Saminder Juneja Milton, Ontario	Director, Chief Executive Officer, President, and Secretary-Treasurer as of November 21 st , 2022. Resignation: December 23rd, 2022	2020: Nil 2021: Nil 2022: Nil	Nil	Nil

The following table discloses background and the principal occupations of the directors and executive officers of the Corporation over the past five years:

Name	Principal occupation and related experience
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<p>Michele Squeo Director, Chief Executive Officer, President, and Secretary-Treasurer</p>	<p>Michele has been part of the Real Estate and Mortgage industry for over 20 years. Has been registered as a real estate broker with the Real Estate Council of Ontario (RECO) since 2006 and licensed as a mortgage broker since 2008 under Financial Services Regulatory Authority of Ontario (FSRA).</p> <p>Michele owned and managed his own mortgage brokerage for 10 years. Was hired as business development manager with one of the Top Independent Broekrage and as Broker of Record for a major Real estate brand.</p> <p>With his knowledge and experience that he brings to Lendmax from the real estate and financial background will help develop investor relations and customer experience in the private lending sector.</p>
<p>Michelle Donaubauer Director</p>	<p>Michelle Donaubauer having worked in sales and banks, specializes in operational management as Director Operations.</p> <p>Since 2010 Michelle has ventured with CIBC remark, PC Financial, Rogers, Bank of Montreal and other names and successfully driven strong business profits by helping grow with technology.</p>
<p>Kelly McBride Director</p>	<p>Kelly McBride brings varied experience to the board. Her experience is focused on retail industry and education sector.</p> <p>Kelly is a graduate from York University.</p>
<p>Ankush Jaswal Director</p>	<p>Ankush Jaswal is the Director of MSSP Operations at LCM Security Inc. Ankush graduated from Sheridan College in 2014 with an Honours Bachelor of Applied Information Sciences, Computer and Information Systems Security.</p>
<p>Saiyed Arslan Ali Zaidi (“Ali Zaidi”) Resigned as Director, Chief Executive Officer, President, and Secretary-Treasurer</p>	<p>Ali has been involved in real estate financing over the last 10 plus years responsible for origination, underwriting, mortgage administration. He is also the sole director of Lendmax Inc., the mortgage administration company responsible for the mortgage portfolio and. Administration. He also acts as the principal broker for Rateshop, a mortgage brokerage specializing in residential and commercial mortgage financing in Ontario.</p> <p>Ali brings hand on experience and knowledge to the team and has a financing degree, extensive exposure in Canadian banking industry.</p>
<p>Louise Donaubauer Resigned as Director</p>	<p>Louise Donaubauer is a seasoned investor and has years of experience in real estate and construction, having managed her own renovation company she has been involved in several turnkey developments from single family dwelling to plaza construction contracts. Louise completed her schooling from Humber College to become an owner/operator for construction company which she has run for the last 18 years.</p>
<p>Saminder Juneja Director, Chief Executive Officer, President, and Secretary-Treasurer</p>	<p>Saminder Juneja brings hands on experience and knowledge to the team and has a financing degree, extensive exposure in Canadian banking industry.</p> <p>Saminder has been appointed as the chief executive officer for the corporation as of November 21, 2022 with a strong vision to build a better product for clients, he set out in the banking industry to make a difference and got sucked into the mortgage market where he spent a decade in origination, underwriting, exit planning, client management, investor relations and identifying opportunities to help families make more money as an investor.</p>

3.2 Penalties, Sanctions and Bankruptcy

No director, executive officer or control person of the Corporation and no issuer of which a director, executive officer or control person of the Corporation was a director, executive officer or control person at the relevant time:

- (a) has incurred or is subject to any penalty or sanction that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years; or
- (b) has declared bankruptcy, has voluntarily made an assignment in bankruptcy, has made a proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver Managers or trustee to hold assets, that has been in effect during the last 10 years.

3.3 Loans

The Managers, or affiliate of the Managers, may from time to time, advance funds to the Corporation for acquisition of mortgage loans. Such loans will be evidenced by way of promissory note and will bear interest at a rate equivalent to the rate of interest on the mortgage loans acquired by the Corporation with the funds advanced. The Managers' loan will be repaid with subsequent proceeds received by the Corporation from the issuance of the Offered Shares. There are no loans due to or from directors, management, promoter, or principal holders of the Corporation or the Managers as at the date of this Offering Memorandum. Except as noted, no debentures or loans were due to or from any directors, management, promoters, or principal holders of the Corporation.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

The following table provides information about outstanding securities of the Corporation (including options, warrants and other securities convertible into shares). The Corporation is authorized to issue an unlimited number of Class A and Class B Shares.

Description of security	Number authorized to be issued	Price per Security	Number outstanding as at the Date of this Offering Memorandum	Number outstanding after Min. Offering	Number outstanding after Max. Offering ⁽¹⁾
Class A Common Shares	Unlimited	\$1.00	4	4	4
Class B Preferred Shares	Unlimited	\$1.00	810,752.79	0	5,000,000 ⁽¹⁾
Class R Preferred Shares	Unlimited	\$1.00	0	0	5,000,000 ⁽¹⁾

Notes:

1. The Maximum Offering amount is \$5,000,000 worth of Offered Shares.

4.2 Long Term Debt Securities

If deemed prudent by the Managers, the Corporation may, from time to time, secure additional or replacement long term debt from financial institutions, other third parties or holders of Offered Shares. Such loans may be secured by granting encumbrances, security interests or other charges on the assets of the Corporation.

As of the date of the Offering Memorandum, the Corporation does not hold nor have access to any long term debt.

4.3 Prior Sales

Within the last 12 months the Corporation has issued securities as follows:

Date of issuance	Type of security issued	Number of securities issued	Dividend Reinvestment ⁽¹⁾	Price per security	Total Funds Received ⁽²⁾
Jun 30, 2021	Class B Common Shares	267,964	0	\$1.00	\$267,967.00
Aug 23, 2021	Class B Common Shares	512,000	0	\$1.00	\$512,000.00
Dec 31, 2021	Class B Common Shares	18,968.96	18,968.96	\$1.00	\$18,968.96
Mar 31, 2022	Class B Common Shares	11,819.83	11,819.83	\$1.00	\$11,819.83

Notes:

1. All declared dividends are credited to the account of each holder of Offered Shares by crediting such holder's account with additional Offered Shares or fractions thereof in proportion to the holder's respective shareholdings. At the option of the holder, some or all the

holder's dividends shall be payable in the form of a cash dividend rather than a share dividend or as a blended payment of both a cash dividend and a share dividend. See "*Description of Offered Securities - Terms of Securities*."

ITEM 5 DESCRIPTION OF OFFERED SECURITIES

Terms of Securities

The Corporation is authorized to issue an unlimited number of Class B Shares and Class R Shares (together, the "**Offered Shares**" or "**Preferred Shares**").

The Corporation is not presently, and does not currently intend to become, a "reporting issuer", as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. The distributions of the Offered Shares are being made on a private placement basis only and is exempt from the requirement that the Corporation prepare a file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale or transfer of the Offered Shares must be made in accordance with applicable Canadian securities laws, which may require resale to be made in accordance with prospectus requirements or exemptions from prospectus requirements. Subscribers are advised to see legal advice prior to any resale of the Offered Shares.

The Corporation intends to pay dividends on the Offered Shares. See "*Dividend Policy*".

For a full discussion of the fees payable with respect to the Offered Shares, see "*Management Fees and Expenses*."

Amendments

Amendments to the terms of the Preferred Shares or Common Shares must be approved by the applicable Shareholders or Common Shareholders of the Corporation in accordance with the CBCA and as set forth under "*Shareholder Matters — Matters Requiring Shareholder Approval*".

Ranking

The Common Shares shall rank junior to the Preferred Shares and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Preferred Shares. However, on a liquidation, subject to the prior rights of the Preferred Shareholders, the holders of the Common Shares shall be entitled to the remaining assets of the Corporation.

Dividend Policy

Holders of the Preferred Shares are entitled to receive non-cumulative dividends, in any form or amount, as and when declared from time to time by the directors of the Corporation, acting in their sole discretion, out of the moneys of the Corporation properly applicable to the payment of dividends.

The Corporation intends to calculate and declare dividends on a quarterly basis on the last business day of each calendar quarter (or as otherwise declared by the Corporation) and to pay such dividends generally within fifteen days after the end of each quarter and in any event within 90 days of its year end. The payment of dividends is subject to the discretion of the Board of Directors to establish working capital and other reserves for the Corporation and to comply with the Articles and applicable laws.

The Corporation expects the dividend yield on the Offered Shares to be approximately 6-9% per annum, net of fees (the "**Target Yield**"). The Corporation reserves the right to change the Target Yield on the Offered Shares without notice to holders of the Offered Shares. If the Target Yields have been achieved in a particular year, the Corporation's remaining net income and/or net capital gains will be paid out to the holders of the Offered Shares in the form of a special dividend.

If in any year, dividends on the Offered Shares are not declared, then the rights of the holders of the Offered Shares to such dividends will be forever extinguished.

Liquidation

In the event of any Liquidation Distribution, the Preferred Shareholders shall be entitled to receive from the assets and property of the Corporation for each Preferred Share held by them the Redemption Price before any amount shall be paid or any property

or assets of the Corporation distributed to the Common Shareholders or shares of any other class ranking junior to the Preferred Shares with respect to priority in a Liquidation Distribution.

After payment to the Preferred Shareholders of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

Class B Shares

Class B Shares are available to all Subscribers. The holders of Class B Shares are not entitled to vote at meetings of the shareholders of the Corporation other than as required by law or as set forth under “*Shareholder Matters – Matters Requiring Shareholder Approval*”.

Class B Shares are intended for Subscribers seeking a stable cash flow through regular monthly dividends. The holders of Class B Shares are entitled to dividends on such shares as and when declared by the Corporation. The Corporation anticipates paying a targeted quarterly dividend on Class B Shares equivalent to approximately 6-9% per annum. The Corporation may change this dividend rate, in its sole discretion, and actual dividends on the Class B Share may differ from the targeted amount and be outside the targeted range. The Corporation may, in its sole discretion, change the dividend policy and increase or decrease the amount of dividends on Class B Shares at any time without notice and in any single instance. See “*Dividend Policy*”.

Class R Shares

Class R Shares are available to Subscribers who have been referred to the Issuer via an intermediary. The holders of Class R Shares are not entitled to vote at meetings of the shareholders of the Corporation other than as required by law or as set forth under “*Shareholder Matters – Matters Requiring Shareholder Approval*”. See “*Third Party Marketing Agreements, Finder's Fees and Commissions*” and “*Compensation Paid to Sellers and Finders*”.

Class R Shares are intended for Subscribers seeking a stable cash flow through regular monthly dividends. The holders of Class R Shares are entitled to dividends on such shares as and when declared by the Corporation. The Corporation anticipates paying a targeted quarterly dividend on Class R Shares equivalent to approximately 6-9% per annum, however, the Corporation may change this range, in its sole discretion and actual dividends on the Class R Shares may differ from the targeted amount and be outside the targeted range. The Corporation may, in its sole discretion, change the dividend policy and increase or decrease the amount of dividends on Class R Shares at any time without notice and in any single instance. See “*Dividend Policy*”.

Shareholder Matters

Except as required by law, including but not limited to the Canada Business Corporations Act, or as set out below, holders of the Offered Shares will not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation.

Matters Requiring Shareholder Approval

The Preferred Shareholders shall, however, be entitled to notice of and to attend all meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation pursuant to the Act or a sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business pursuant to subsection 189(3) of the Act and shall have one vote for each Preferred Share held at each such meeting.

No Voting Rights and No Dissent Rights: The Preferred Shareholders shall not be entitled to vote or to dissent rights as prescribed by the Act in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Preferred Shares, or increase any maximum number of authorized shares of such class or series having rights or privileges equal or superior to the Preferred Shares; (b) effect an exchange, reclassification or cancellation of the Preferred Shares; or (c) create a new class or series of shares inferior, equal or superior to the Preferred Shares and no separate class vote shall be required under the Act in respect of the amendment, and the Preferred Shareholders shall have **no** dissenting rights in respect thereof.

Redemptions

Redemptions at the Option of the Shareholder: Provided that (i) a Preferred Share that is the subject of a redemption request has been issued and outstanding for at least 12 months, (ii) the redemption requested will not result in a contravention of the Act or any other provision of the Articles, and (iii) the redemption requested will not cause the total of all redemption requests from all Shareholders who made a request in that same fiscal year to exceed more than 10% of the total Preferred Shares outstanding (such that all redemption requests will be on a first come first serve basis apportioning the last redemption request until the maximum

limit of 10% of the total Preferred Shares outstanding is redeemed in that same calendar year), the holders of the Preferred Shares shall be entitled to make a redemption request to the Corporation, requiring the Corporation to redeem at the Redemption Price all or any part of the Preferred Shares then held in accordance with the terms set out herein. A Preferred Shareholder must provide a Redemption Request to the Corporation. The Corporation will redeem the Preferred Shares specified in the Redemption Request on the Redemption Date next following the date which is 45 days after receipt by the Corporation of the Redemption Request.

Early Redemption: The Directors may, in the case of any Preferred Shareholder, waive or reduce the minimum 12 month holding period or the minimum notice period provided herein in circumstances where the Directors have determined that such requirements will result in undue hardship to the Preferred Shareholder, such as during times of critical illness or death of the Shareholder.

Substantial Shareholder: Notwithstanding the redemption rights outlined herein, in the interests of all Shareholders of the Corporation certain restrictions may, in the sole discretion of the Directors, be placed on Substantial Shareholders. A Substantial Shareholder is defined as a Shareholder together with parties related to that Shareholder (as defined in the Tax Act) who holds a total number of shares which is equal to or greater than 15% of the total number of Shares outstanding. As long as a Shareholder is defined as a Substantial Shareholder they will be restricted to redeeming no more than 20% of their Shareholdings in any six-month period.

Redemption by the Corporation: Upon 21 days, prior written notice to the Preferred Shareholder, the Corporation may at any time redeem any Preferred Share registered in the name of a Preferred Shareholder at the Redemption Price. The Corporation may, without notice to the Preferred Shareholder, redeem sufficient Preferred Shares registered in the name of a Preferred Shareholder at the Redemption Price to the extent necessary to pay any outstanding fees, charges, expenses or other amounts owed by the Preferred Shareholder to the Corporation. The Corporation may, without notice to the Preferred Shareholder, redeem Preferred Shares registered in the name of a Preferred Shareholder at the Redemption Price where (i) required by applicable law or policies of security regulatory authorities; or (ii) as may be required to ensure that the Corporation qualifies and continues to qualify as a "mortgage investment corporation" under section 130.1 of the Tax Act, or (iii) where the Board of Directors has by resolution determined that such redemption is necessary in order to ensure that the securities of the Corporation do not constitute a "prohibited investment" to any annuitant of a registration plan for purposes of the Tax Act.

Payment Upon Redemption: The Corporation shall pay or cause to be paid to each Preferred Shareholder whose Preferred Shares are to be redeemed pursuant to this Section, an amount equal to the aggregate Redemption Price, less any redemption fees, charges or other amounts then payable by the Preferred Shareholder. Redemption fees of 1.00% of the aggregate Redemption Price shall apply on Preferred Shares that are the subject of a redemption request by the Shareholder and not the Corporation, that have been issued and outstanding for less than 12 months. The Directors in their sole and absolute discretion, may, in the case of any Preferred Shareholder, waive or reduce the redemption fees. Payment shall be made on the 15th day following the applicable Redemption Date. Payment may be made by cheque, electronic funds transfer or other means acceptable to the Corporation and the Preferred Shareholder. Upon payment of the aggregate Redemption Price, the Preferred Shares redeemed shall be immediately cancelled. The Preferred Shareholder shall thereafter cease to have any further rights with respect to such Preferred Shares and provided that, payment of the aggregate Redemption Price is duly made, the Corporation shall be discharged from all liability to the Preferred Shareholder with respect to the Preferred Shares redeemed and the amount paid.

Suspension of Redemptions: Notwithstanding anything else contained herein, the Board of Directors of the Corporation may suspend or postpone, or continue a suspension or postponement of, the right to require redemption of the Preferred Shares (i) where the Board of Directors has determined that market conditions exist which render impracticable an orderly sale or liquidation of the assets of the Corporation, or (ii) in circumstances whereby the Directors have determined that the accounting working capital of the Corporation would be insufficient, or (iii) where the Board of Directors has determined that the suspension or postponement is required to ensure fair and equitable treatment of all of the Preferred Shareholders, such as in circumstances whereby the Corporation would not be able to provide dividends to its Shareholders at the same amounts and frequency as historically paid, or (iv) as may be permitted or required by law.

Where Redemption Suspended: Upon the commencement of any suspension of the right to require redemptions, the Corporation shall promptly notify any Preferred Shareholder who has submitted a Redemption Request and has not been paid, of the suspension. The affected Preferred Shareholder may thereupon withdraw the Redemption Request or part thereof. If not so withdrawn, the Preferred Shareholder will be entitled to be paid the aggregate Redemption Price on the Redemption Date next following the date that the redemption privilege is reinstated, provided that the minimum holding period and the minimum notice period in paragraph 1 above have been complied with.

Partial Redemptions Permitted: On any Redemption Date, the Corporation may redeem some but not all the Preferred Shares for which Redemption Requests have been received and postpone or suspend the redemption of the remaining Preferred Shares

pursuant to the provisions hereof. Any such partial redemption shall be made pro rata among all Preferred Shareholders who submitted such Redemption Requests on a first come first serve basis.

Powers of the Corporation to Maintain MIC Status

The Articles also provide that no holder of any shares of the Corporation is permitted to acquire, hold, transfer, encumber or otherwise deal in or with any shares of the Corporation, or any interest therein, in a manner that will cause the Corporation to cease to qualify as a MIC under the Tax Act. In the event that any holder of shares of the Corporation purports to transfer any shares of the Corporation, exercises or purports to exercise any retraction rights in respect of any shares of the Corporation or any repurchase rights affecting any shares of the Corporation or enters, or does anything for the purpose of entering, into any other transaction affecting any of the shares of the Corporation (each of the foregoing, a “**Triggering Transaction**”), that, if completed, would cause the Corporation, in the reasonable opinion of the directors of the Corporation, to cease to qualify as a MIC under the Tax Act, the directors of the Corporation shall have the power to cause any affected holder of shares of the Corporation or prospective holder of shares of the Corporation (i) to delay, terminate, modify or otherwise restructure the terms of, or not to enter into or engage in, such Triggering Transaction or (ii) to enter into any alternative transaction on the terms and conditions determined by the directors of the Corporation, including the power to force the conversion of shares of the Corporation of any class or series into shares of another class or series of the Corporation, all without consent of any actual or prospective holder of shares of the Corporation affected thereby; provided that all such powers shall be exercised by the directors solely for purpose of ensuring that the Corporation continues to qualify as a MIC under the Tax Act, on commercially reasonable terms and subject to the CBCA, the Articles.

Dividend Reinvestment Plan

The Corporation, subject to maintaining the status of the Corporation as a MIC under the Tax Act, maintains a dividend reinvestment plan (“**DRIP**”). Under the DRIP, Shareholders can reinvest dividends in additional Preferred Shares of the same class as they enrol in the DRIP.

Eligibility: Holders of Preferred Shares who reside in Canada are eligible to participate in the DRIP by completing an enrolment form (“**Participants**”). If a Shareholder wishes to participate in the DRIP, they may enroll any of their Preferred Shares in the DRIP.

Enrolment in the Plan: To enrol in the DRIP, change your enrolment or to terminate your enrolment in the DRIP, written notice must be given to the Corporation. A Participant's enrolment, change in enrolment or termination of enrolment in the DRIP will take effect once it has been recorded under the DRIP, which will be no later than 45 days after written notice is received by the Corporation.

Once a Participant has enrolled in the DRIP, his/her enrolment continues automatically until the Participant withdraws from the DRIP, or until the DRIP is terminated.

If a Participant terminates his/her enrolment in the DRIP: (i) the whole Preferred Shares held by the trust on behalf Participant will be delivered within 45 days after written notice terminating enrolment has been received by the Corporation; and (ii) the cash value of any fractional interest held on behalf of the Participant will be paid no later than the Dividend Payment Date which follows the next Dividend Record Date that is more than 45 days after notice terminating enrolment has been received by the Corporation.

Cost and Attributes of Shares Purchased under the DRIP: Preferred Shares are purchased at the Market Price, as defined in the DRIP, which as at the date of the Offering Memorandum has been determined to be \$1.00 per Preferred Share, and are issued from the treasury of the Corporation. The Corporation uses the cash dividends attributable to a Preferred Shareholder to purchase additional Preferred Shares of the same class on behalf of the Shareholder. All Preferred Shares acquired through the DRIP are credited to the Shareholder's account. Fractional interests in Preferred Shares will not be transferred to you. Instead the Trust will hold the fractional interest on your behalf and fractional interests will accumulate. Once the accumulated fractional interests equal a whole Preferred Share of the same series, you will be treated as the owner of a whole Preferred Share and that whole Preferred Share will be delivered to you in the manner described above for whole Preferred Shares generally.

Transaction Statements: If you own Preferred Shares through an intermediary, you will receive information regarding reinvestment of dividends from your intermediary, in accordance with your intermediary's administrative practices. Please consult your intermediary for additional information.

If you own the Preferred Shares in your own name, you will receive a statement following each calendar year or at such other

intervals as determined by the Corporation setting out the dividends received by the DRIP on your behalf during the prior calendar quarter (or other interval), the number of Preferred Shares purchased with those dividends and the total number of Preferred Shares held on your behalf under the DRIP.

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

Amendments to Plan and Termination by Corporation: The Corporation may amend, suspend or terminate the DRIP at any time upon notice to all Participants. In the event of suspension or termination of the DRIP, the trust will make no investments on the Dividend Payment Dates following the effective date of such suspension or termination.

Tax Consequences: Generally, a Participant will be taxed on dividends that are reinvested in the same manner as if the Participant had received the dividends in cash. Shareholders should consult their tax advisors about the tax consequences of participating in the DRIP.

5.1 Subscription Procedure

The Offered Shares are offered pursuant to any one of the exemptions under National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") from the prospectus requirements of securities legislation. Such exemptions relieve the Corporation from provisions under securities legislation requiring the Corporation to file a prospectus and therefore Subscribers do not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by a securities commission or similar authority.

The Offered Shares are being offered only in the Selling Jurisdictions and only through registered dealers.

The Corporation will be relying primarily on the offering memorandum exemption under section 2.9 of NI 45-106 (the "**Offering Memorandum Exemption**"), the accredited investor exemption under section 2.3 of NI 45-106 (the "**Accredited Investor Exemption**") and the minimum amount investment exemption under section 2.10 of NI 45-16 (the "**Minimum Amount Investment Exemption**").

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

The Subscription Agreement

Each prospective and qualified investor who wishes to subscribe for Offered Shares must complete and sign the form of Subscription Agreement (including the applicable certificates and risk acknowledgement forms) specifying the number of Offered Shares being subscribed for and follow the instructions set forth therein.

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

Execution and Delivery of Subscription Agreement

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

- (a) a completed and executed Subscription Agreement accompanying the form provided with this Offering Memorandum;
- (b) or other methods as set forth by the Agent, the Issuer, and the in the amount of the subscription price for the Offered Shares;
- (c) any Subscriber purchasing Offered Shares pursuant to the Offering Memorandum Exemption must complete and sign two copies of the Form 45-106F4 – Risk Acknowledgement ("**Form 45- 106F4**") attached to the Subscription

Agreement (one copy to be retained by the Subscriber and one copy to be delivered to the Corporation) and Schedule 1 – Receipt of Delivery;

- (d) if the Subscriber is an individual and resident in Alberta, Ontario, or Saskatchewan and is purchasing Offered Shares pursuant to the Offering Memorandum Exemption, the Subscriber must complete and sign two copies of Schedules A-1 and A-2 attached to the Form 45-106F4 in the Subscription Agreement;
- (e) if the Subscriber is purchasing Offered Shares having an aggregate acquisition cost of greater than \$10,000 pursuant to the Offering Memorandum Exemption, the Subscriber may be required to complete and sign additional documentation including an Eligible Investor Questionnaire;
- (f) if the Subscriber is an "accredited investor" as defined in NI 45-106 and is purchasing Offered Shares pursuant to the Accredited Investor Exemption, the Subscriber must complete and sign the Accredited Investor Status Certificate attached to the Subscription Agreement (including the Form 45-106F9 risk acknowledgement form contained therein, if applicable); and
- (g) if the Subscriber is relying on the Minimum Amount Investment Exemption, the Subscriber must complete the Certificate for Minimum Amount Investors and Risk Disclosure Form for Minimum Amount Investors attached to the Subscription Agreement.

Acceptance of Subscriptions and Closings – Subscriptions may be accepted at the sole discretion of the Managers, and are subject to the terms and conditions of the Subscription Agreement signed by the Subscriber. The Corporation reserves the right to close the subscription books at any time without notice. Any funds for subscription that the Corporation does not accept will be promptly returned after the Corporation has determined not to accept the funds without interest or deduction.

The authority to accept or reject subscriptions has been delegated to the Managers to ensure that the Corporation maximizes its return for existing Subscribers, that the fund remains qualified as a "MIC" as this term is defined by the Tax Act, and to ensure that the Corporation complies with all other relevant securities legislation.

This Offering is not subject to any minimum subscription level except as specified in the Offering Memorandum or as required for the Corporation to maintain its status as a "MIC" under the Tax Act. Therefore, any funds received from a Subscriber are available to the Corporation and need not be refunded to the Subscriber save and except as required by the constating documents of the Corporation, the terms of this Offering Memorandum, or as otherwise required by law.

If this Offering is nullified for any reason, the Subscription Agreement and cash funds received by the Managers prior to the nullification will be returned to Subscribers without interest or deduction as if the Subscribers' subscription had been rejected (whether the subscription(s) had previously been accepted by the Corporation).

A prospective Subscriber will become a shareholder upon execution of a Subscription Agreement, acceptance of the Subscription Agreement by the Managers acting on behalf of the Corporation, payment of the subscription price, and entry of the Subscriber's name in the shareholder register of the Corporation.

Where required under securities legislation, the subscription amount will be held in trust by the Agent until midnight on the second business day after the Subscriber delivers the executed Subscription Agreement. Such subscription proceeds will be held in trust until midnight on the second Business Day after the day the Subscriber signs the applicable Subscription Agreement. If Subscribers provide the Corporation with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Corporation does not accept a Subscriber's subscription, all subscription proceeds will be promptly returned to the Subscriber without interest or deduction. Proceeds received from Subscribers who purchase Offered Shares under this Offering will be held in trust and only released against delivery of the certificates representing the Offered Shares subscribed therefor. If the Offering is terminated prior to Closing, the proceeds under the Offering received from each Subscriber shall be returned to such Subscriber without interest or deduction. See "*Purchaser's Rights of Action and Rescission*".

Personal Information

Each Canadian resident who purchases the Offered Shares will be deemed to have represented to the Corporation and each dealer from whom a purchase confirmation is received, that such purchaser has been notified by the Corporation:

- (a) that the Corporation may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price of any Offered Shares purchased) ("**personal information**"), which Form 45-106F1 may be required to be filed by the Corporation under NI 45-106;
- (b) that such personal information may be delivered to the Ontario Securities Commission or applicable provincial securities regulator (the "**OSC**") in accordance with NI 45-106;
- (c) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
- (d) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
- (e) that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Assistant to the Director of Corporate Finance at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593- 8086; and has authorized the indirect collection of the personal information by the OSC.

Furthermore, each Subscriber acknowledges that its name, address, telephone number and other specified information, including the aggregate purchase price paid by the Subscriber, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. By purchasing the Offered Shares, each Subscriber consents to the disclosure of such information.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

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

The Corporation has prepared the following commentary, which it believes is a fair and adequate summary of the principal federal income tax consequences arising under the Tax Act to a Subscriber who is an individual resident in Canada who acquires Offered Shares under this Offering Memorandum. The income tax consequences will not be the same for all Subscribers, but may vary depending on a number of factors including the province or provinces in which the Subscriber resides or carries on business, whether Offered Shares acquired by him or her will be characterized as capital property, and the amount his taxable income would be but for his participation in this Offering.

The following discussion of the Canadian income tax consequences is, therefore, of a general and limited nature only and is not intended to constitute a complete analysis of the income tax consequences and should not be interpreted as legal or tax advice to any particular Subscriber.

This summary does not address provincial or territorial laws of Canada or any tax laws of any jurisdiction outside of Canada. Each prospective Subscriber should obtain advice from his own independent tax advisor as to the Canadian federal and provincial income tax consequences of his acquisition of Offered Shares, as such consequences can vary depending upon the circumstances of each Subscriber.

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

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

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

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

- (a) the Corporation is a Canadian corporation as defined in the Tax Act;
- (b) the Corporation's only undertaking was the investing of funds, and it did not manage or develop any real property;
- (c) no debts were owing to the Corporation by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Corporation did not own shares of corporations not resident in Canada;
- (e) the Corporation did not hold real property situated outside of Canada;
- (f) no debts were owing to the Corporation that were secured on real property situated outside of Canada;
- (g) the cost amount of the Corporation's property consisting of mortgages on "houses" or on property included within a "housing project" (as those terms are defined in section 2 of the *National Housing Act* (Canada)), deposits with a bank or other corporations whose deposits are insured by the Canada Deposit Insurance Corporation or a credit union, together with cash on hand (collectively, the "**Qualifying Property**"), was at least 50% of the cost amount to it of all its property;
- (h) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (i) the Corporation had 20 or more shareholders and no person would have held more than 25% of the issued shares of the capital stock of the Corporation or been a specified shareholder (as such term is defined in subsection 130.1(6) of the Tax Act) of the Corporation;
- (j) holders of any Offered Shares had a right, after payment of their dividends, and payment of dividends in a like amount per share to the holders of common shares, to participate *pari passu* with the holders of common shares in any further payment of dividends; and
- (k) where at any time in the year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property was less than 2/3 of the cost amount to it of all of its property, the Corporation's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, or, where throughout the taxation year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property equaled or exceeded 2/3 of the cost amount of all of its property, the Corporation's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It has been assumed, for the purpose of this summary that the Corporation will qualify as a MIC in accordance with conditions prescribed in the Tax Act at all times which are relevant to the opinions expressed herein. Based upon certain representations by management of the Corporation as to the nature, location and cost amounts of the Corporation's assets and liabilities, including the composition and cost of its mortgage portfolio, as to the shareholders of the Corporation and as to the range of activities which the Corporation will undertake in the course of carrying on its mortgage investment business (the "**Representations**"), counsel

anticipates that the Corporation will meet the requirements for qualification as a "mortgage investment corporation" under the Tax Act at the closing of this Offering and will continue to so qualify thereafter provided the Representations continue to be true throughout each of the Corporation's subsequent taxation years. Purchasers are cautioned that the Corporation must meet the requirements under the Tax Act to be a "mortgage investment corporation" on a continuous basis throughout each taxation year in order to avail itself of the provisions of the Tax Act as to the taxation of dividends outlined herein. Management of the Corporation expects that the Representations will continue to be true throughout each of the Corporation's subsequent taxation years such that the Corporation will continue to so qualify.

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

Taxation of the Corporation

The Corporation will, in computing its income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Corporation in computing its income for the preceding year. In addition, the Corporation may generally declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct, in computing its income for the year, one-half (1/2) of its capital gains dividend paid during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Corporation intends to pay taxable dividends and capital gains dividends each year in sufficient amounts to reduce its Part I income tax liability to Nil.

Taxation of Holders

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

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

A disposition or a deemed disposition of the Offered Shares (other than to the Corporation) will result in a holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the Offered Shares exceed (or are exceeded by) the adjusted cost base of the Offered Shares and reasonable disposition costs, according to the usual rules contained in the Tax Act. Amounts paid by the Corporation on the redemption or acquisition by it of the Offered Shares, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Corporation on the redemption or acquisition of the Offered Shares which is in excess of the paid-up capital of the Offered Shares will be deemed to be a dividend and will generally be included in the income of a holder of the Offered Shares as interest (and deductible by the Corporation) in accordance with the rules described above.

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

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

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

Eligibility for Investment by Deferred Income Plans

The Corporation confirms that the Offered Shares may be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, deferred profit sharing plans, registered retirement income funds or tax-free

savings accounts (collectively, "**Deferred Income Plans**") at a particular time if the Corporation qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Corporation does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber, under the relevant Deferred Income Plan or any other person who does not deal at arm's length with that person. Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Corporation or on any capital gain realized on the disposition of the Offered Shares or with respect to capital gains dividends.

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

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The nature of the compensation that an agent or securities dealers receives depends on the class of Offered Shares purchased by the Subscribers.

Class B Shares

Lendmax Inc. in its capacity as a Manager of the Corporation has agreed to retain Waverly Corporate Financial Services Ltd.. ("**Waverly**" or the "**Agent**") as its primary agent to arrange, and facilitate the completion of the sale of the Class B Shares to Subscribers. The Corporation may retain or engage other agents, securities dealers and brokers. No fees or commissions shall be payable by either the Corporation or the Managers to such agents, securities dealers or brokers other than the following fees:

- i). Onetime commissions or fees of up 1% of the funds raised and a monthly commission payment of \$3,000.
- ii). The managers and their respective directors, officers or shareholders, may receive a compensation for placing the Offered Shares where the investment has been referred by a director/officer/share holder, a onetime commission payment to be mutually decided and agreed upon on an annual basis by the board of directors capped to a maximum of upto 3% of the aggregate investment amount which is to be paid at minimum 365 days after the investment has been received by the Corporation and has been contracted for a minimum of 3 years. The referral fee must be paid by Waverly.

Class R Shares

Lendmax Inc. in its capacity as a Manager of the Corporation has agreed to retain Waverly Corporate Financial Services Ltd.. ("**Waverly**" or the "**Agent**") as its primary agent to arrange, and facilitate the completion of the sale of the Class R Shares to Subscribers. The Corporation may retain or engage other agents, securities dealers and brokers. No fees or commissions shall be payable by either the Corporation or the Managers to such agents, securities dealers or brokers other than the following fees:

- i). Onetime commissions or fees of up 3% of the funds raised by an agent.
- ii). The managers and their respective directors, officers or shareholders, may receive a compensation for placing the Offered Shares where the investment has been referred by a director/officer/share holder, a onetime commission payment to be mutually decided and agreed upon on an annual basis by the board of directors capped to a maximum of up to 3% of the aggregate investment amount which is to be paid at minimum 365 days after the investment has been received by the Corporation and has been contracted for a minimum of 3 years. The referral fee must be paid by Waverly.

The Corporation will not pay finder's fees directly to any person. See "*Third Party Marketing Agreements, Finder's Fees and Commissions*" and "*Material Agreements*".

ITEM 8 RISK FACTORS

8.1 General

An investment in the Offered Shares offered hereunder involves significant risks due to the nature of the Corporation's business. Subscribers should carefully review the following factors, together with the other information contained in this Offering Memorandum, before making an investment decision.

This is a speculative offering. The purchase of Offered Shares involves a number of risks 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.**

Subscribers should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Offered Shares, 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.

The proceeds of the Offering may not be sufficient to accomplish all the Corporation's proposed objectives.

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

8.2 Investment Risk

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

No Market for Offered Shares and Restrictions on Transfer - The Offered Shares are not traded on any stock exchange. As there is no market for the Offered Shares and the Offered Shares are subject to resale restrictions under securities legislation, a Subscriber will not be able to transfer his or her investment or withdraw his or her capital at will. The Offered Shares are also subject to restrictions on transfer under the Corporation's constating documents. A Subscriber may never be able to sell his Offered Shares and recover any part of his or her investment. **Accordingly, an investment in Offered Shares should only be considered by Subscribers who do not require liquidity.** See "*Resale Restrictions.*"

Lack of Separate Legal Counsel - The Subscribers, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Managers purport to have acted for the Subscribers nor to have conducted any investigation or review on their behalf.

Retraction Liquidity - The Offered Shares are retractable, meaning that Subscribers have the right to require the Corporation to redeem them, upon appropriate advance notice from the Subscriber to the Corporation. The retraction timings are measured from the date on which the Subscriber is issued the Offered Shares to the date on which the Subscriber is entitled to request redemption by the Corporation. If the Subscriber does not provide the Corporation with the appropriate notice of retraction, the right of retraction is suspended until an additional time period has elapsed. See "*Description of Offered Securities - Terms of Securities.*" Retraction and redemption of the Offered Shares are subject to the Corporation maintaining its status as a MIC as defined by the Tax Act, all as determined solely by the Managers. **Accordingly, this investment may be unsuitable for those prospective Subscribers who require greater liquidity.**

No Guarantees - There is no assurance that the Corporation will be able to pay dividends at the level targeted by the Corporation. The funds available for distribution to Offered Shareholders will vary according to many factors, notably the interest and principal payments received in respect of mortgage loans held by the Corporation. The dividends which Subscribers may be entitled to receive are not cumulative and the Directors have the sole discretion as to whether or not any such dividends are paid. **Therefore, there is no guarantee that any dividends will be paid to the Offered Shareholders.**

Although mortgage loans made by the Corporation are carefully selected, there can be no assurance that such loans will have a guaranteed rate of return to the Corporation or that losses will not be suffered on one or more loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change. In the event that additional security is given by the borrower or that a third party guarantees the mortgagor's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. Although the Corporation will endeavor to maintain a diversified portfolio, the composition of the Corporation's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Corporation's portfolio being less diversified than anticipated. **There is no assurance that the Corporation's mortgage portfolio will be profitable.**

No Review by Securities Regulatory Authorities - The Offering constitutes a private offering of the Offered Shares by the Corporation only in those jurisdictions where and to those persons to whom, they may be lawfully offered for sale under exemptions in securities legislation. No securities commission or similar regulatory authority in Canada or in any other jurisdiction has passed on the merits of the securities offered hereunder.

As a result, an investment in the Corporation is appropriate only for Subscribers who have a capacity to absorb a loss of all their investment and who can withstand the effect of dividends not being paid in any period or at all.

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

Dividend Entitlement - The holders of the Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, dividends as and when declared by the directors out of the monies of the Corporation properly applicable to the payment of dividends. The directors may, in their discretion, declare dividends on the Preferred Shares without at the same time declaring dividends on any other class of shares of the Corporation. No dividends on any other class of share shall be declared or paid at any time when there are outstanding declared but unpaid dividends on the Preferred Shares.

Leverage - The Corporation may from time to time borrow under loans with Canadian chartered banks and others. See "*Capital Structure - Long Term Debt Securities*." Any such borrowings add leverage to the investments made by the Corporation. The obligations under such loans may be secured, and while the addition of leverage has the potential to enhance returns, it also involves additional risks. There can be no assurance that the leveraging employed by the Corporation will enhance returns, and to the extent that secured lenders realize on their respective collateral, they will have right to receive distributions in priority to the Corporation in addition to the right to seize mortgage assets pursuant to security agreements with the Corporation.

Pandemic Outbreak - On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a pandemic. The COVID-19 pandemic continues to negatively impact the global economy, disrupt global supply chains and creates significant economic uncertainty and disruption of financial markets. Emergency measures being enacted by governments worldwide to contain the spread of the virus, including the implementation of travel bans, self-imposed quarantine periods, self isolation, physical and social distancing and the closure of non-essential businesses are causing material disruption to businesses in Canada and globally which has resulted in an uncertain and challenging economic environment. Global debt and equity capital markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. In addition, severe disruption and instability in the global financial markets and continued deteriorations in credit and financing conditions may increase the likelihood of litigation, increase the cost of or limit or restrict our ability to access debt and equity capital or other sources of funding on favourable terms, or at all, increase competition, result in reductions in our work force, cause us to further reduce our capital spend or otherwise disrupt our business or make it more difficult to implement our strategic plans. Sustained adverse effects may also prevent us from satisfying debt financial covenants. As an emerging risk, the duration, scope and impact of the ongoing COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions and the pace of any subsequent recovery and economic normalization. Given the rapid and evolving nature of the COVID-19 pandemic, any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly it is challenging for the Corporation to estimate or quantify the extent to which the COVID-19 pandemic may, directly or indirectly, affect the Corporation's business activities, financial condition, cash flows, profitability, prospects and results of operations in future periods. While the impact of the COVID-19 pandemic has created short-term uncertainty, the Corporation still expects to continue to grow in the medium to long term once the impact of the COVID-19 pandemic has subsided.

8.3 Issuer Risk

Risk that are specific to the Corporation and the Managers include the following:

Conflicts of Interest - The Management Agreement and/or Marketing Agreement is not exclusive to either party and either party may enter into similar arrangements with other parties on whatever terms such party deems appropriate. Further, the Corporation acknowledges that the Manager and its shareholders, directors and senior officers have, or may acquire, interests and dealings in other companies, joint ventures, limited partnerships and/or mortgage investment entities which are presently or may in the future be actively engaged in similar businesses as the Corporation. The Corporation agrees that neither the Manager nor its shareholders, directors or senior officers will be liable to the Corporation for any conflict of interest as a result of such other interests or dealings, and that such interests and dealings do not and will not constitute a breach of this Agreement even if competitive with the

business of the Corporation, and even if the business opportunity could have been pursued by the Corporation. Notwithstanding the immediately preceding paragraph, the Manager shall be required to present to the Corporation all mortgage investment opportunities that are available to it provided the Corporation has the resources to make the proposed investment and the proposed investment meets the Corporation's investment guidelines and restrictions set forth in the Offering Memorandum and is consistent with the Corporation's investment objectives and strategies. To the extent that the Corporation does not have the resources to invest in particular mortgage investment opportunities or is otherwise deemed unsuitable by the Manager, the Manager shall be permitted to invest in such mortgage loans, on its own account, either as sole lender, co-lender with the Corporation or co-lender with third parties. In such circumstances, so long as the Corporation continues to not have the resources to make additional investments in mortgage loans, the Manager shall be authorized to sell to third parties all or any portion of its interests in mortgage loans held on its own account but for certainty not interests held on the Corporation's account. To the extent the Corporation co-invests with the Manager or other third parties, the Manager will use reasonable commercial efforts to ensure such co-investment is allocated fairly.

MIC Tax Designation - The Directors of the Corporation will use their best efforts to ensure the Corporation qualifies at all times as a MIC pursuant to the Tax Act. To that end, the Directors have the discretion to reject any applications for participation in the DRIP (a dividend reinvestment plan) or share subscriptions, transfers, redemptions or retractions where, in the view of the directors, such acts would result in the Corporation failing to meet the requirements of a MIC under the Tax Act.

As a Corporation qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income and the normal gross up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Offered Shares. Rather, the dividends will be taxable in the hands of Offered Shareholders as if they had received an interest payment on a bond issued by the Corporation. If for any reason the Corporation fails to maintain its MIC qualification in a particular year, the dividends paid by the Corporation on the Offered Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Offered Shares would be subject to the normal gross up and dividend tax credit rules to the extent applicable. In addition, the Offered Shares might cease to be qualified investments for trusts governed by RRSPs, RRIFs, deferred profit sharing plans, RESPs, RDSPs and TFSAs, with the effect that a penalty tax would be payable by the Subscriber. **There can be no assurance, the Corporation will be able to meet the Tax Act's MIC qualifications at all relevant times.**

Absence of Voting Rights - The Offered Shares being sold under this Offering do not carry voting rights, and consequently a Subscriber's investment in Offered Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors. In assessing the risks and rewards of an investment in Offered Shares, potential Subscribers should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Corporation, and the Managers to make appropriate decisions with respect to the management of the Corporation, and that they will be bound by the decisions of the Corporation's, and the Managers' directors, officers and employees.

Development Stage of Business Risks - The Corporation has no history upon which an evaluation of its prospects and future performance can be made. The Corporation's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Corporation's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry and the development of a customer base. There is a possibility that the Corporation could sustain losses into the future. If the Corporation is unable to generate revenues or profits, investors might not be able to realize returns on their investment or prevent the loss of their investment.

No Assurance - There is no guarantee that the Corporation will achieve its investment objective or earn a positive return.

Dilution - The number of Offered Shares the Corporation is authorized to issue is unlimited and the directors have the sole discretion to issue additional Offered Shares. In addition to alternate financing sources, the Corporation may conduct future offerings of Offered Shares in order to raise the funds required which could result in a dilution of the interests of the Subscribers in the Corporation. Any issuance of Offered Shares may have a dilutive effect on existing Shareholders. In addition, under the terms of the Articles of the Corporation, the Offered Shareholders shall not be entitled to vote or to dissent rights as prescribed by the CBCA in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Offered Shares, or increase any maximum number of authorized shares of such class or series having rights or privileges equal or superior to the Offered Shares; (b) effect an exchange, reclassification or cancellation of the Offered Shares; or (c) create a new class or series of shares inferior, equal or superior to the Offered Shares and no separate class vote shall be required under the Act in respect of the amendment, and the Offered Shareholders shall have no dissenting rights in respect thereof.

Reliance on the Managers and Third Parties - In accordance with the terms of the Management Agreement, the Managers have significant responsibility for assisting the Corporation in conducting its affairs. Any inability of the Managers to perform competently or on a timely basis could negatively affect the Corporation. The Corporation is exposed to adverse developments

in the business and affairs of the Managers and to its management and financial strength. The operations of the Corporation and the Managers are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Corporation to implement its business plan. In order to grow the mortgage portfolio, the Managers and the Corporation may need to retain additional staff and may be required to improve existing systems and controls. There is no assurance that the Corporation will manage its growth effectively or that the Managers will adjust its staffing or systems and controls appropriately. To the extent that the Corporation or the Managers does not do so, the mortgage portfolio and the returns of the Corporation may be negatively affected.

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

Litigation Risk - The Corporation may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Corporation is not receiving payments of interest on a mortgage loan that is the subject of litigation, thereby impacting cash flows. The unfavorable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.

Forward-Looking Statements and Information May Prove Inaccurate - Investors are cautioned not to place undue reliance on forward-looking statements and information. By its nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate.

8.4 Industry Risk

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

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

The Corporation's investments in mortgage loans will be secured by real estate. All real property investments are subject to elements of risk. In addition, prospective Subscribers should take note of the following:

Competition and Availability of Investments - The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Managers, to locate suitable opportunities for the investment and reinvestment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The industry in which the Corporation operates is subject to a wide variety of competition from public and private businesses, many of whom have greater financial and technical resources than the Corporation. An inability to find suitable investments may have an adverse effect on the Corporation's ability to sustain the level of distributions. Competitors may reduce the interest rates they charge, resulting in a reduction of the

Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

Environmental Liability of a Mortgage - Under various laws, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes, where the Corporation has exercised its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property. Although the Corporation obtains an evaluation of the property to be subject to a mortgage in the form of a phase I environmental audit where required, environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location.

Investments not insured – Neither the Corporation nor the Managers is a member of the Canada Deposit Insurance Corporation and the Offered Shares offered hereunder are therefore not insured against loss through the Canada Deposit Insurance Corporation. Moreover, mortgages held by the Corporation in its capacity are not insured through the Canada Mortgage and Housing Corporation or otherwise.

Changes in Regulatory Regime - There can be no assurances that certain laws applicable to the Corporation, including, without limitation, mortgage brokerage laws and securities legislation, will not change in a manner that will adversely affect the Corporation.

Renewal of Mortgages - There can be no assurances that any of the mortgages comprising the 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 comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the Managers at the time of renewal.

Liquidity Risk - Investments in mortgages are relatively illiquid. This will tend to limit the Corporation's ability to vary its mortgage portfolio promptly in response to changing economic or investment conditions. There is a risk that the Corporation will be unable to meet commitments associated with financial instruments. The Corporation controls liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals, which include anticipated redemption of Offered Shares. The Corporation commits to mortgage investments only on an assured cash availability basis.

Priority over Security - Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the mortgages registered in favor of the Corporation. In the event of default by the mortgagor under any prior financial charge, the Corporation may not recover any or all of the monies advanced under foreclosure proceedings.

Investment Concentration - As the Corporation may have only one or a limited number of mortgage investments, it is susceptible to adverse market conditions such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Demand for residential and commercial mortgages could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing sources of mortgage money. To the extent that any of these conditions occur, they are likely to affect the demand for and the interest rate, which could cause a decrease in the interest revenue to the Corporation. Any mortgage default could impair the Corporation's ability to pay dividends to its Offered Shareholders or could restrict its ability to redeploy capital.

Sensitivity to interest rates – It is anticipated that the value of the Corporation's investment portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the mortgages comprising the Corporation's investment portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's mortgage assets are based), the Corporation may find it difficult to make a mortgage loan bearing rates sufficient to ultimately achieve the targeted payment of dividends on the Offered Shares. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Limited Partnership's business, financial condition and results of its operations which in turn would result in an adverse effect on the dividends targeted, payable and/or paid on the Offered Shares. Due to the term of the mortgages made by the Corporation and the inability to accurately predict the extent to which the Corporation's mortgages may be prepaid, it is possible that the Corporation may not be able to sufficiently reduce interest rate risk associated with the replacement of such mortgages through new investments in mortgages, thereby potentially affecting adversely the ultimate return to holders of Offered Shares.

Mortgage Prepayment - Mortgages comprising the mortgage portfolio from time to time permit the borrower to prepay the principal amount. Any prepayment bonus or penalty may not fully compensate the Corporation for the total amount of the return foregone had the mortgage been held to term, and the Corporation may not be able to redeploy the capital at the same interest rate.

Prepayment of Mortgages - The Corporation may commit to making future mortgage investments in anticipation of repayment of principal outstanding under existing mortgage investments. In the event that such repayments of principal are not made in contravention of the borrowers' obligations, the Corporation may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances.

Higher Risk Mortgages - The Corporation provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Non-conventional mortgage investments also attract higher loan loss risk. Credit risk is the risk that the mortgagor will fail to discharge the obligation causing the Corporation to incur a financial loss. The Corporation will try to minimize its credit risk primarily by ensuring that the collateral value of the security fully protects both first, second, and third mortgage advances, that there is a viable exit strategy for each loan, and that loans are made to experienced developers and owners. In addition, the Corporation intends to limit the concentration of risk by diversifying its mortgage portfolio by way of location, property type, maximum loan amount on any one property and maximum loan amount to any one borrower.

This higher risk is compensated for by a higher rate of return. The failure of one or more borrowers to make payments according to the terms of their loan could result in the Corporation exercising its rights as mortgagee and may adversely affect the Corporation's rate of return, which is directly correlated to the receipt of mortgage payments.

Defaults - The Corporation's income and funds available for distribution to Subscribers would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Corporation or if the Corporation was unable to invest its funds in mortgages on economically favorable terms. On default by a borrower, the Corporation may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment.

If there is default on a mortgage, it may be necessary for the Corporation, in order to protect the investment, to engage in foreclosure or sale proceedings (by power of sale or otherwise) and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing. In those cases, it is possible the total amount recovered by the Corporation may be less than the total investment, resulting in loss to the Corporation.

Also, the recovery of a portion of the Corporation's assets, i.e. the property put up as collateral by the defaulting mortgagor, would be tied up for a period of time, diverting resources away from the funding of new investments. Legal fees and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are borne by the Corporation. Although these fees and costs are often recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, there is no assurance that they will be recovered and therefore will result in lower distributions payable to the Corporation and in turn reduced returns to holders of Offered Shares. Due to fluctuations in the housing market and the economy generally, there is a possibility that historical loan default rates may increase and that in any power of sale, the Corporation could lose a substantial portion of the principal amount loaned to the borrower. Loan loss reduces the Corporation's available cash and in turn result in reduced returns to holders of Offered Shares. Excessive loan loss could ultimately result in the Corporation being unable to pay dividends. Excessive loan loss could also ultimately result in the Corporation sustaining an annual net loss, with the result being that the value of the Offered Shares would be less than the \$1.00 subscription price. In such circumstances, the Retraction Payment, net of any accrued dividend distributions, would be less than \$1.00. Such an eventuality could also impact the Corporation's ability to honor retraction requests, depending upon the timing of such requests.

The Corporation may, from time to time, have one or more impaired loans in its portfolio. The Corporation defines loans as being impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which write-downs have been taken or specific loss provisions established

Changes in Property Values – The Corporation's mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. While independent appraisals are required before the Corporation may make any mortgage investment, the appraised values, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject

to certain conditions, including the completion, rehabilitation or making of leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and, if and to the extent they are not satisfied, the loan amount may prove to exceed the value of the underlying real property thus resulting in a loan loss if the property must be sold to remedy a mortgage default and thereby affecting adversely the return to holders of Offered Shares. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

Use of Leverage - The Corporation has the option to incur indebtedness secured by the Corporation's assets to purchase or make mortgage investments but the Canadian financial marketplace has a limited number of financial institutions that provide credit to entities such as the Corporation. There can be no assurance such a strategy will enhance returns, and in fact, use of this strategy could adversely affect returns. Use of leverage through borrowing (and the assignment of mortgages as collateral) can also expose the Corporation to additional losses of capital. The Corporation intends to limit its exposure to the potential scarcity of such funds by continuously seeking out new sources of credit. In the event of a wind-up of the Corporation, the indebtedness incurred by the Corporation will rank in priority to the outstanding Offered Shares.

Changes in the Economy and Credit Markets - Historically, global financial markets have been subject to periods of volatility and uncertainty, driven by a wide range of factors at any given point in time. These factors may impact the ability of the Corporation to maintain a funding facility with arm's length third party institutions on terms favorable to the Corporation. Volatility in financial markets may also be reflected in volatility in the market value of the real property underlying the mortgage portfolio.

FOR THE AFORESAID REASONS AND OTHERS NOT SET FORTH HEREIN, THE OFFERED SHARES INVOLVE A HIGH DEGREE OF RISK. ANY PERSON CONSIDERING THE PURCHASE OF THE OFFERED SHARES SHOULD BE AWARE OF THESE AND OTHER FACTORS SET FORTH IN THIS OFFERING MEMORANDUM AND SHOULD CONSULT WITH HIS/HER LEGAL, TAX AND FINANCIAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE OFFERED SHARES. THE OFFERED SHARES SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD TO LOSE THEIR TOTAL INVESTMENT.

ITEM 9 REPORTING OBLIGATIONS

The Corporation is not subject to continuous reporting and disclosure obligations which the securities legislation in any province would require of a "reporting issuer" as defined under securities legislation and there is therefore no requirement that the Corporation make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with Canadian generally accepted accounting principles.

The Corporation is required under securities legislation to forward to holders of Offered Shares resident in Alberta, Ontario and Saskatchewan that purchased Offered Shares under the Offering Memorandum Exemption, audited annual financial statements and disclosure regarding the use of the aggregate gross proceeds raised by the Corporation under the Offering Memorandum Exemption within 120 days following the end of each fiscal year of the Corporation. The Corporation is also required to forward to holders of Offered Shares resident in Alberta, Ontario and Saskatchewan that purchased Offered Shares under the Offering Memorandum Exemption notice of any change in financial year including further information respecting that change as prescribed under securities legislation within the time limits prescribed under securities legislation.

The Corporation is also required to provide notice to holders of Offered Shares resident in Ontario, that purchased Offered Shares under the Offering Memorandum Exemption within ten (10) days of the occurrence of: (a) a discontinuation of the Corporation's business; (b) a change in the Corporation's industry; or (c) a change of control of the Corporation.

The Corporation will provide electronic tax slips by February 28 following the end of the calendar year to which they refer to for all income tax reporting information necessary to enable each Offered Shareholder to file a Canadian federal income tax return with respect to its participation in the Corporation in such fiscal year, including T5's for investment, as applicable.

The Corporation is subject to certain reporting requirement under corporate law, for example, the Corporation is required under the CBCA to send a copy of its annual financial statements to its shareholders.

Under the terms of the Management Agreement, the Managers will provide for the preparation of accounting, management and other financial reports as well as the keeping and maintaining of the books and records of the Corporation. The Board has appointed Welch LLP to act as the auditors of the Corporation and to report to shareholders with respect to the financial statements of the Corporation as at the end of, and for, each fiscal year.

Since we are not a reporting issuer as defined in securities legislation and our Offered Shares are not publicly traded, no corporate or securities information about us is available from a government, regulatory authority, stock exchange or quotation and trade reporting system. Some securities information about this Offering is available from the Ontario Securities Commission at www.osc.gov.on.ca; British Columbia Securities Commission <https://www.bsc.bc.ca/> and SEDAR at <https://www.sedar.com>.

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

ITEM 10 RESALE RESTRICTIONS

10.1 General Statement

Pursuant to securities legislation, the Offered Shares are 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 Offered Shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

Unless permitted under securities legislation, in all jurisdictions in Canada other than Manitoba, you cannot trade the Offered Shares before the date that is four months and a day after the date the Corporation becomes a "reporting issuer" as defined under securities legislation in any province or territory of Canada. The Corporation will not become a reporting issuer upon completion of this Offering and does not currently anticipate ever becoming a reporting issuer.

The resale restriction on the securities may therefore never expire. Subscribers are advised to seek legal advice prior to any resale of the Offered Shares.

10.3 Manitoba Resale Restrictions

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

- (a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 PURCHASERS' RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

If you purchase these securities, you will have certain rights, some of which are described below.

The following summaries are subject to any express provisions of the securities legislation of each Selling Jurisdiction. Please refer to that securities legislation for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that a Subscriber may have at law.

For complete information about your rights, you should consult a lawyer.

Two-Day Cancellation Right

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

Statutory Rights of Action in the Event of a Misrepresentation

Any Offering Memorandum marketing materials related to this Offering which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Offered Shares are deemed to be incorporated by reference in this Offering Memorandum. As used herein, "Offering Memorandum marketing materials" has the same meaning as "OM marketing materials" has in NI 45-106.

The marketing materials delivered or made reasonably available to a prospective purchaser before the termination of the distribution, related to each distribution under this Offering Memorandum, are incorporated by reference in this Offering Memorandum. The Corporation reserves the right to modify these marketing materials in a nonmaterial way without re-delivering or without making reasonably available such modified marketing materials to a prospective purchaser.

Securities legislation in certain of the provinces and territories of Canada provides purchasers or requires purchasers to be provided with a remedy for rescission or damages where an offering memorandum and any amendment to it (for the purposes of this Item 11, an "Offering Memorandum") contain a Misrepresentation. As used herein, "Misrepresentation" means: (a) in the case of all jurisdictions except Québec, an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or that is necessary to make a statement not misleading in the light of the circumstances in which it was made; and (b) in the case of Québec, any misleading information on a material fact as well as any omission of a material fact. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the purchaser within the time limit prescribed by the applicable securities legislation. Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

Rights for Subscribers in Ontario

Securities legislation in Ontario provides purchasers of Offered Shares pursuant to this Offering Memorandum with a remedy for damages or rescission, or in both, in addition to any other rights they may have at law, where the Offering Memorandum and any amendment to it contains a "Misrepresentation". Section 130.1 of the *Securities Act* (Ontario) and Ontario Securities Commission Rule 45-501 provides that every purchaser of securities pursuant to an offering memorandum shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation.

A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that: (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any; (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation; (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

Where this Offering Memorandum is delivered, but the distribution is made in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the "**accredited investor exemption**"): The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is: (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106); (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Rights of Subscribers in British Columbia and Alberta

A purchaser of Offered Shares pursuant to this Offering Memorandum who is a resident in Alberta or British Columbia has, in addition to any other rights the subscriber may have at law, a right of action for damages or rescission against the Corporation if this Offering Memorandum, together with any amendments hereto, contains a Misrepresentation. A purchaser has additional statutory rights of action for damages against every director of the Corporation at the date of this Offering or amendment hereto and every person or company who signed this Offering Memorandum or amendment hereto.

If this Offering Memorandum or any amendment hereto contains a Misrepresentation, which was a Misrepresentation at the time the Offered Shares were purchased, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided

below, have a right of action against the Corporation for damages or alternatively, if still the owner of any of the Offered Shares purchased by that subscriber, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Corporation, provided that: (a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; (c) in no case will the amount recoverable in any action exceed the price at which the securities were purchased by the purchaser under this Offering Memorandum; and (d) in the case of a purchaser resident in Alberta, no person or company, other than the Corporation, will be liable if such person or company is entitled to rely upon certain statutory provisions set out in subsections 204(3)(a)-(e) of the *Securities Act* (Alberta).

No action may be commenced more than: (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any other action, other than an action for rescission, more than the earlier of (i) 180 days after the subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Subscribers in Saskatchewan

The *Securities Act*, 1988 (Saskatchewan) will provide statutory rights to purchasers of Offered Shares in Saskatchewan as described in the *Securities Act*, 1988 (Saskatchewan) upon their coming into force. Such Act provides that, subject to certain limitations, in the event that this Offering Memorandum and any amendment to this Offering Memorandum contain a Misrepresentation, a purchaser who purchases Offered Shares under this Offering Memorandum or an amendment to this Offering Memorandum, has a right of action for damages against the Corporation, every promoter of The Corporation, every person who signed this Offering Memorandum or the amendment to this Offering Memorandum and every person who or company that sells securities on behalf of the Corporation under this Offering Memorandum or amendment to this Offering Memorandum. Alternatively, where the purchaser purchased Offered Shares, the purchaser may elect to exercise a right of rescission against the Corporation.

The *Securities Act*, 1988 (Saskatchewan) also provides that, subject to certain limitations, where any advertising or sales literature (as such terms are defined in The *Securities Act*, 1988 Saskatchewan) disseminated in connection with the Offering contains a Misrepresentation, a purchaser who purchases Offered Shares referred to in that advertising or sales literature has a right of action against the Corporation, every promoter of the Corporation and every person who or company that sells Offered Shares under the Offering with respect to which the advertising or sales literature was disseminated.

In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the Offered Shares of the Corporation and the verbal statement is made either before or contemporaneously with the purchase of Offered Shares of the Corporation, the purchaser has a right of action for damages against the individual who made the verbal statement. No action shall be commenced to enforce the foregoing rights: (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, more than the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, or

(ii) six years after the date of the transaction that gave rise to the cause of action.

Rights for Subscribers in Manitoba

The *Securities Act* (Manitoba) provides purchasers of securities under a private placement who receive this Offering Memorandum with certain statutory rights in the event there is a Misrepresentation in this Offering Memorandum. In such event, Subscribers would have a statutory right to sue: (a) to cancel the agreement to buy Offered Shares; or (b) for damages against the Corporation, every person who is a director at the date of the Offering Memorandum, and every person or company who signed the Offering Memorandum. The statutory right to sue is available to a purchaser whether the purchaser relied on the Misrepresentation. If a purchaser chooses to rescind a purchase, the purchaser cannot then sue for damages. In addition, in an action for damages, a person will not be liable for all or any portion of damages that the person proves do not represent the depreciation in value of the securities as a result of the Misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defenses available to the persons that a purchaser has a right to sue. For example, a person has a defense if the purchaser knew of the Misrepresentation when the purchaser purchased the securities. If a purchaser intends to rely on the rights described above in paragraph (a) or (b), the purchaser must do so within strict time limitations. A purchaser must commence an action to cancel the agreement within 180 days after the transaction or commence action for damages within the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years after the day of the transaction.

Rights for Subscribers in New Brunswick

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Offered Shares resident in New Brunswick, or in any other information provided pursuant to the Offering, contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Offered Shares by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action against the Corporation for damages; or, while still the owner of the Offered Shares purchased by that purchaser, for rescission against the Corporation, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Corporation, provided that: (a) the right of action for rescission or damages must be exercisable by the purchaser not later than, i. in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or ii. to cancel your agreement to buy these securities, or in the case of any action, other than an action for rescission, the earlier of (A) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) six years after the date of the transaction that gave rise to the cause of action; (b) the defendant will not be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the Misrepresentation; (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Shares as a result of the Misrepresentation relied upon; and (d) in no case will the amount recoverable in any action exceed the price at which the Offered Shares were sold to the purchaser.

Rights for Subscribers in Nova Scotia

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Offered Shares resident in Nova Scotia, or in any advertising and sales literature provided with respect to the Offering, contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Offered Shares by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action against the Corporation, the Trustees and any person executing the certificate to this Offering Memorandum or any amendment hereto for damages; or, while still the owner of the Offered Shares purchased by that purchaser, for rescission against the Corporation, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Corporation, the Trustees or any person executing the certificate to this Offering, provided that: (a) the right of action for rescission or damages must be exercisable by the purchaser not later than, i. in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or ii. in the case of any action, other than an action for rescission, the earlier of, (A) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action; (b) the defendant will not be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the Misrepresentation; (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Shares as a result of the Misrepresentation relied upon; and (d) in no case will the amount recoverable in any action exceed the price at which the Offered Shares were sold to the purchaser.

Rights for Subscribers in Newfoundland and Labrador

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Offered Shares resident in Newfoundland contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Offered Shares by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a contractual right of action against the Corporation, every Trustee at the date of the Offering Memorandum, and every person who signed the Offering Memorandum, for damages; or, while still the owner of the Offered Shares purchased by that purchaser, for rescission against the Corporation, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Corporation, provided that: (a) the right of action for rescission or damages must be exercisable by the purchaser not later than, i. in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or ii. in the case of any action, other than an action for rescission, the earlier of, (A) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action; (b) the defendant will not be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the Misrepresentation; (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Shares as a result of the Misrepresentation relied upon; and (d) in no case will the amount recoverable in any action exceed the price at which the Offered Shares were sold to the purchaser.

Rights of Subscribers in Prince Edward Island, Northwest Territories, Nunavut or Yukon

Securities legislation in Prince Edward Island, Northwest Territories, Nunavut or Yukon provides that, where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser resident in that province who purchases securities offered by the offering memorandum has a right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum, or the purchaser may exercise a right of action for rescission against the issuer or selling security holder, in which case the purchaser will have no right of action for damages against any of the persons listed above.

The foregoing statutory rights are subject to various defences available to a defendant. In particular, the purchaser shall have no right of action for damages or rescission if the defendant proves that the purchaser purchased the securities with knowledge of the misrepresentation, and in an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the securities resulting from the misrepresentation. Moreover, in no event will the amount recoverable by a purchaser exceed the price at which the securities were offered. If a purchaser intends to rely on the rights described above, they must do so within strict time limitations contained in the securities legislation of Prince Edward Island, Northwest Territories, Nunavut or Yukon, as the case may be.

Rights of Subscribers in Québec

Notwithstanding that the securities legislation of Québec does not provide or require the Corporation to provide purchasers resident in Québec any rights of action in circumstances where the Offering Memorandum contains a Misrepresentation, The Corporation hereby grants to purchasers of Offered Shares in Québec under this Offering Memorandum contractual rights of action in circumstances where the Offering Memorandum contains a Misrepresentation to the same extent as purchasers of Offered Shares who are resident in Ontario. See "Rights of Subscribers in Ontario" above.

General

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

Language of Documents

Upon receipt of this document, each Subscriber hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of securities described herein (including for greater certainty any purchase confirmation or notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglaisseulement.

ITEM 12 FINANCIAL STATEMENTS

Included in the Offering Memorandum immediately before the certificate page of the Offering Memorandum are all required financial statements.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.
Financial Statements
Year Ended December 31, 2021

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lendmax Capital Mortgage Investment Corp.

Opinion

We have audited the financial statements of Lendmax Capital Mortgage Investment Corp. (the Company), which comprise the balance sheet as at December 31, 2021, and the statements of income and comprehensive income and deficit and cashflow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

Independent Auditor's Report to the Shareholders of Lendmax Capital Mortgage Investment Corp.
(continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bassi & Karimjee LLP

Brampton, Ontario
February 24, 2022

Chartered Professional Accountants
Licensed Public Accountants

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Balance Sheet

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 36,903	\$ 5,755
Accrued interest receivable	17,708	-
Mortgage receivable (Note 3)	760,000	-
	\$ 814,611	\$ 5,755
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,001	\$ 9,148
Dividends payable	18,969	-
Due to shareholder (Note 4)	28,949	25,119
	57,919	34,267
 SHAREHOLDERS' EQUITY		
Share capital (Note 5)	779,968	4
Deficit	(23,276)	(28,516)
	756,692	(28,512)
	\$ 814,611	\$ 5,755

ON BEHALF OF THE BOARD

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Director

Director

See accompanying notes to financial statements

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.**Statement of Income and Deficit****Year Ended December 31, 2021**

	2021 <i>(12 Months)</i>	2020 <i>(3 Months)</i>
REVENUES	\$ 40,758	\$ -
EXPENSES		
Business taxes and licences	1,012	-
Interest and bank charges	973	250
Legal fees	283	2,700
Management and administrative fees	8,122	-
Professional fees	6,159	25,566
	16,549	28,516
NET INCOME (LOSS)	24,209	(28,516)
DEFICIT - CARRY OVER FROM LAST YEAR	(28,516)	-
	(4,307)	(28,516)
DIVIDENDS	(18,969)	-
DEFICIT - END OF YEAR	\$ (23,276)	\$ (28,516)

See accompanying notes to financial statements

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Net income (loss)	\$ 24,209	\$ (28,516)
Changes in non-cash working capital:		
Accrued interest receivable	(17,708)	-
Mortgages receivable	(760,000)	-
Accounts payable and accrued liabilities	853	9,148
Dividends payable	18,969	-
	<u>(757,886)</u>	<u>9,148</u>
Cash flow used by operating activities	<u>(733,677)</u>	<u>(19,368)</u>
INVESTING ACTIVITIES		
Class A Common shares	-	4
Class B preferred shares	779,964	-
Cash flow from investing activities	<u>779,964</u>	<u>4</u>
FINANCING ACTIVITIES		
Dividends paid	(18,969)	-
Advances from shareholders	3,830	25,119
Cash flow from (used by) financing activities	<u>(15,139)</u>	<u>25,119</u>
INCREASE IN CASH FLOW	31,148	5,755
CASH - BEGINNING OF YEAR	<u>5,755</u>	<u>-</u>
CASH - END OF YEAR	<u>\$ 36,903</u>	<u>\$ 5,755</u>

See accompanying notes to financial statements

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

1. DESCRIPTION OF BUSINESS

Lendmax Capital Mortgage Investment Corp. (the Company) was incorporated under the Canada Business Corporations Act on October 6, 2020. The address of its registered office and principal place of business is 1200 Derry Road East, Unit 6, Mississauga, Ontario, Canada.

The Company's main activity and intention is to operate solely in Canada as a Mortgage Investment Corporation (MIC) as defined in section 130.1(6) of the Canadian Income Tax Act. Its purpose is to pool the funds of its shareholders and earn a return by investing in mortgages (note 8).

The net income generated by a MIC may not be subject to corporate income tax, provided that the income is paid out to the shareholders in the form of dividends within 90 days of the fiscal year end. The payment of dividends from a MIC is deemed to be a deduction for corporate income tax purposes. The dividend income received by the shareholders is deemed to be interest income for income tax purposes.

These financial statements are for the period ended December 31, 2021 and were authorized for issue by the Board of Directors on February 24, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

New and amended accounting standards

IFRS 9, Financial Instruments ("IFRS 9"): IFRS 9 was issued in final form in July 2014 by the IASB and replaces IAS 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple approach in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method used, replacing the multiple impairment methods in IAS 9. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements are expected to be of particular interest to non-financial institutions. The adoption of this IFRS is reflected in the financial statements.

Functional and presentation currency

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

Cash and cash equivalents.

Cash consists primarily of cash held at a Canadian bank.

(continues)

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

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

Revenue recognition

Interest on mortgages receivable is recognized in the statement of income and comprehensive income using the effective interest method. Mortgages receivable issued at a premium or discount are recorded at their face value, and adjusted for such premiums and discounts. Premiums or discounts are amortized into income over the term of the mortgage.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts over the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not accounting for any future credit losses. The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Mortgage receivable

Mortgage receivable consist of the principal portion of mortgages receivable and any recorded allowance for impairment losses.

The Company reviews the mortgage receivable annually for impairment, and classifies a mortgage as impaired when, in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal and interest.

An impairment loss in respect of the mortgage receivable measured at amortized cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the statement of income and comprehensive income in the year in which the impairment occurs and recorded as an allowance against the mortgages receivable. When a subsequent event causes the amount of impairment to decrease, the decrease in impairment loss is reversed through the statements of income and comprehensive income.

(continues)

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

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

Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The main estimates made by management in the preparation of these financial statements are outlined below:

Going concern assumption: The going concern presentation of the financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Management has determined that it is appropriate for the Company to be considered a going concern.

Income taxes: Canadian income tax legislation, and regulations are subject to changes and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred income taxes. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the Company to realize its deferred income tax assets and liabilities recorded at the statement of financial position date may be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

(continues)

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

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

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to their contractual provisions. Measurement in subsequent periods depends on the financial instrument's classification.

Financial assets

The company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets are recognized and de-recognized on trade date.

The company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the company's past experience.

Financial liabilities

The company determines the classification of its financial liabilities at initial recognition. The company de-recognizes financial liabilities when the company's obligations are discharged, cancelled or they expire.

The company's cash, interest receivable, mortgage receivable, shareholder loan, dividend payable, accounts payable and accrued liabilities, are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Fair value

The company classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs fall into three levels that may be used to measure fair value:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - Applies to assets or liabilities for which there are inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 - Applies to assets or liabilities for which there is no observable market data.

(continues)

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

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

The fair value of assets and liabilities measured on a recurring basis include cash determined based on Level 1 and Level 2 inputs. The company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

3. MORTGAGE RECEIVABLE

	<u>2021</u>	<u>2020</u>
Mortgage receivable	<u>\$ 760,000</u>	<u>\$ -</u>

The mortgage receivable bears fixed interest rate 6.99%, and mature on February 28, 2022. Interest only payments are due monthly with the principal balance due upon maturity. The mortgage is renewable for a further six months for a fee of \$3,500. The mortgage receivable are secured by the underlying property.

Of the mortgage receivable as at December 31, 2021, 100% is first mortgage and its a residential property.

4. DUE TO SHAREHOLDER

Loan payable to shareholder bears interest at 3%. The loan is unsecured and repayable within 30 days upon demand by the shareholder.

5. SHARE CAPITAL

Authorized:

Unlimited Class A common shares, voting

Issued:

Shares presented under equity

4 Class A common shares
779,964 Class B preferred shares

	<u>2021</u>	<u>2020</u>
	\$ 4	\$ 4
	<u>779,964</u>	<u>-</u>
	<u>\$ 779,968</u>	<u>\$ 4</u>

The company is authorized to issue an unlimited number of Class A, Class B and Class R shares. As at December 31, 2021, there were 4 outstanding of Class A shares with a cost of \$4 and 779,964 of Class B shares with a cost of \$779,964. Class A shares are voting and entitled to dividends as determined by the directors, and Class B and Class R shares are non-voting and entitled to dividends as determined by the directors.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

6. NON-CAPITAL TAX LOSSES CARRIED FORWARD

The Company has incurred losses of \$23,275 (2020 \$28,515) for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

2040	\$ <u>23,275</u>
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7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a capital structure that allows it to finance its growth strategy with cash flows from operations and its debt capacity, and optimizer the use of its capital to provide an appropriate return on investment to its shareholders, as on December 31, 2021.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

The Company is not subject to externally imposed capital requirements.

8. INCOME TAXES

To qualify as MIC, the company must, throughout the year, meet the following financial and operating criteria as set out in subsection 130.1(6) of the ITA:

(a) it was a Canadian corporation;

(b) its only undertaking was the investing of funds of the corporation and it did not manage or develop any real or immovable property;

(c) none of the property of the corporation consisted of

(i) debts owing to the corporation that were secured on real or immovable property situated outside Canada,

(ii) debts owing to the corporation by non-resident persons, except any such debts that were secured on real or immovable property situated in Canada,

(iii) shares of the capital stock of corporations not resident in Canada, or

(iv) real or immovable property situated outside Canada, or any leasehold interest in such property;

(d) there were 20 or more shareholders of the corporation and no person would have been a specified shareholder of the corporation at any time in the year;

Specified shareholder of a corporation at any time means a taxpayer who owns, directly or indirectly, at that time, more than 25% of the issued shares of any class of the capital stock of the corporation and, for the purposes of this definition;

The company does not meet requirement of section 130.1(6) as it is not meeting (d) above because the company has less than 20 shareholders and one preferred shareholder owns more than 25% of the issued shares of Class B, therefore, he is a specified shareholder.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.

Notes to Financial Statements

Year Ended December 31, 2021

9. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (comprised of currency, interest rate and other price risks). The risks related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board of Directors (the Board). The Board monitors these policies on a regular basis. The Company's Board has not approved the use of derivative financial products.

Cash is classified as financial assets at fair value through profit or loss (FVTPL) and measured in accordance with level 1 of the fair value hierarchy. Accrued interest receivable and mortgage receivable are classified as loans and receivables and are recorded at amortized cost. All financial liabilities are classified as other financial liabilities. Financial liabilities include accounts payable and accrued liabilities and due to shareholder.

The fair values of the Company's accrued interest receivable, accounts payable and accrued liabilities and due to shareholder are equivalent to their carrying values due to their short-term nature. The fair values of the Company's mortgages receivable are recorded using the net present value of future anticipated payments using the effective interest method. The net present value would otherwise be calculated using a discount rate, however all mortgages receivable are short-term in nature as evidenced by the fact that substantially all are receivable within 12 months.

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to the company, The Company is exposed to credit risk in the event of any instability in the real estate sector and adverse change in economic conditions in Canada that would result in declines in the value of real property securing the Company's mortgages receivable. The Company mitigates its risk by adhering to certain investment policies, The Company's maximum exposure to credit risk is represented by the fair values of mortgages receivable.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they come due. The company currently settles all of its financial obligations out of cash. The ability to do so relies on the corporation by maintaining sufficient cash in excess of anticipated needs.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency and other price risks arising from these financial instruments.

10. NOVEL CORONAVIRUS ("COVID 19")

The impact of the Coronavirus (COVID-19) outbreak on the financial results of the company will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the operations of the company and the overall economy are highly uncertain and cannot be predicted. If the operations of the company and/or the overall economy are impacted for an extended period, the company's results may be materially adversely affected.

ITEM 13: DATE AND CERTIFICATE

Dated: December 23, 2022

This offering memorandum does not contain a misrepresentation.

Michele Squeo, CEO and Director

Michelle Donaubauer, Director

Kelly McBride

Kelly McBride, Director

Ankush Jaswal

Ankush Jaswal, Director



*Canada Business Corporations Act
(CBCA) (s. 19)*

**Change of Registered Office
Address
Form 3**

*Loi canadienne sur les sociétés par
actions (LCSA) (art. 19)*

**Changement d'adresse du
siège social
Formulaire 3**

1	Corporate name Dénomination sociale LENDMAX CAPITAL MORTGAGE INVESTMENT CORP.
2	Corporation number Numéro de la société 1239696-3
3	New registered office address Nouvelle adresse du siège social 6 Indell Lane Brampton ON L6T 3Y3
4	Additional address Autre adresse

5 Declaration: I certify that I have relevant knowledge of the corporation and that I am authorized to sign this form.
Déclaration : J'atteste que je possède une connaissance suffisante de la société et que je suis autorisé(e) à signer le présent formulaire.

Ali Zaidi
6476075807

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.