

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



Date: March 31, 2024

The Issuer

Name: Lendmax Capital Mortgage Investment Corp. (the “Issuer”)
Head office: 6 Indell Ln, Brampton ON L6T3Y3
Phone #: 416-837-1414
E-mail address: info@lmcmic.ca

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

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

Currently Listed or quoted Reporting Issuer SEDAR Filer	No. These securities do not trade on any exchange or market. No No
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 or maximum offering. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish the Issuer’s proposed objectives.
Minimum Subscription Amount:	Subscribers must subscribe for a minimum of 5,000 Offered Shares (\$5,000). The Issuer may accept subscriptions in a lesser amount in its sole discretion.
Payment Terms:	Full Subscription Price is payable through cheque, wire transfer and direct deposit, <i>Payment Instructions</i> details are available online at https://lmcmic.ca
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 Manager in its discretion. All subscriptions received are subject to rejection, or allotment and the Issuer 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*".

MIC Qualification: **The Issuer qualifies as a mortgage investment corporation. Failure to qualify as a mortgage investment corporation may have materially adverse consequences. See "*Structure- MIC Qualification*"**

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".

SUMMARY

The following is a summary of certain information contained in this Offering Memorandum and is qualified in its entirety by the more detailed and additional information contained elsewhere in this Offering Memorandum. Capitalized terms used but not defined in this summary have the meanings given to such terms elsewhere in this Offering Memorandum

Offering	Non-voting Preferred shares Class B at \$1.00 per share and Class R at \$1.00 per share
Issuer	Lendmax Capital Mortgage Investment Corporation is a Issuer incorporated under the laws of Ontario and intends to conduct its business so as to qualify as a "mortgage investment corporation" under the Income Tax Act (Canada). See "Structure".
Manager	Lendmax Inc. manages the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. The Manager is in the business of managing mortgage investments and mortgage brokerage companies. See "Business of the Issuer –Material Agreements."
Eligible Investors	Investors must invest the minimum amount established by the Manager from time to time and depending on the jurisdiction where they reside, may need to meet certain financial or other qualifications. The minimum amount to be invested by each investor is generally \$5,000. In addition, the Manager has the discretion to waive or change the minimum from time to time. See "Securities Offered Subscription Procedure" and "Statutory Exemptions Relied Upon by the Issuer" and review the subscription agreement available from the Manager.
Use of Proceeds	The net proceeds to the Issuer from the sale of the Preferred Shares will be used to invest primarily in residential, commercial, construction and other mortgages in accordance with the Issuer's investment policies. See " <i>I. Use of Available Funds</i> " and " <i>Business of the Issuer</i> ".
Closings	Closings will occur periodically at the discretion of the Issuer. Unless a share certificate is requested by an investor, the issuance of Preferred Shares will be evidenced by electronic registration in the Issuer's books and records using a direct registration system. See "Securities Offered Subscription Procedure".
Dividend Policy	The Issuer intends to payout all of its net income and net realized capital gains as dividends within the time periods specified in the Income Tax Act (Canada) and as such does not anticipate paying any income tax. See "Securities Offered Terms of Securities - Dividend Entitlement" and "Certain Canadian Federal Income Tax Considerations".
Certain Canadian Federal	Provided the Issuer obtains and maintains its status as a "mortgage investment corporation" for the purposes of Income Tax Consequences of the Income Tax Act (Canada), dividends received by shareholders (other than capital gains dividends) on Preferred Shares will generally be treated as

interest income to such shareholders for the purposes of the Income Tax Act (Canada) and Preferred Shares will generally be “qualified investments” to a trust governed by a registered retirement savings plan, deferred profit sharing plan, registered disability savings plan, registered education savings plan, registered retirement income fund, or tax-free savings account, provided the Issuer does not hold as part of its property at any time during a calendar year in which the particular time occurs any indebtedness (whether by way of a mortgage or otherwise) of a person who is an annuitant, beneficiary, employer or subscriber under, or a holder of, the trust or of any other person who does not deal at arm’s length with that person. See “Certain Canadian Federal Income Tax Considerations”.

Risk Factors

The purchase of the securities offered by this Offering Memorandum must be considered speculative due to the nature of the Issuer’s business, in particular the risks associated with mortgage lending. In addition to the usual risks associated with an investment in a business, each subscriber should consider the risk factors set out in this Offering Memorandum under the heading “Risk Factors” before subscribing for Preferred Shares.

How to Subscribe

A person wishing to subscribe for Preferred Shares must deliver to the Issuer the documents referred to in “Securities Offered Subscription Procedure”.

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

March 31, 2024

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 "Issuer ") 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 Issuer 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 Issuer will be achieved or that investors will receive a return on their investment.

The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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*".

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 Issuer's current beliefs as well as assumptions made by and information currently available to the Issuer and relate to, among other things, anticipated financial performance; prospects; strategies; the nature of the Issuer's operations; sources of income; forecasts of capital expenditures and the sources of the financing thereof; expectations regarding the ability of the Issuer to raise capital; the Issuer's outlook; plans and objectives for future operations; forecast results; and anticipated financial performance.

The risks and uncertainties of the Issuer's activities, including those discussed under the section entitled "*Risk Factors*", could cause the Issuer's actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, the Issuer 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 Issuer cannot assure prospective purchasers that its future results, levels of activity and achievements will occur as the Issuer expects, and neither the Issuer nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, the Issuer 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 Issuer.

DOCUMENTS INCORPORATED BY REFERENCE

In addition to and apart from this Offering Memorandum, the Issuer 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 "Issuer", "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 Issuer. 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 Issuers 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).

"**Aggregate Capital**" means the total dollar value of capital raised and held by Issuer.

"**Articles**" means articles of in Issuer of the Issuer, as they may be amended, modified or restated, from time to time.

"**AUM**" means total of the principal amount of the outstanding mortgage balances (less any credit losses).

"**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 Issuer's registered office is then situated.

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

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

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

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

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

"**Corporate Objective**" means the qualification of the Issuer 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 Issuer.

"**Directors**" or "**Board of Directors**" means the board of directors of the Issuer.

"**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, on the 15th day of the following calendar quarter.

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

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

"**Payment Instruction**" means the acceptable forms of payment towards the purchase of Class B & R Preferred shares made available online at <https://lmcmic.ca>.

"**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 Issuer 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, currently set as a sum of \$1.00 together or the amount determined to be NAV per share, whichever is less 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 Issuer 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	\$115,680
C.	Estimated Offering costs (e.g., legal, accounting, audit.) ⁽³⁾	\$0	\$84,320
D.	Available funds: D = A - (B+C)	\$0	\$4,800,000
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency ⁽⁴⁾	\$0	\$0
G.	Total: G = D + E + F	\$0	\$4,800,000

Notes:

- There is no minimum Offering. The Issuer will offer an unlimited number of Offered Shares on a continuous basis at the Manager's discretion until the Maximum Offering is completed or terminated.
- The Issuer sells Offered Shares through dealers authorized to do so. The Issuer may pay selling commissions or fees of up to 1.00% 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.*"
- As at the date of this Offering Memorandum, the Issuer does not have a working capital deficiency.

1.2 Use of Available Funds

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

Description of intended use of net proceeds listed in order of priority	Assuming Min. Offering ⁽¹⁾	Assuming Max. Offering
To the payment of monthly management, advisory fees and mortgage services fees ⁽²⁾	\$0	\$100,000
Working Capital	\$0	\$25,000

To lend out funds and make investments permitted by a MIC under the Tax Act (defined below)	\$0	\$4,675,000
Total: Equal to G in the Funds table above	\$0	\$4,800,000

Notes:

1. There is no minimum Offering. The Issuer will offer an unlimited number of Offered Shares on a continuous basis at the Manager's discretion until the Maximum Offering is completed or terminated.
2. This amount reflects a yearly estimate of the following fees payable to the Manager (as defined below) under the Management Agreement (as defined below). See "*Business of the Issuer – Structure*." Per the Issuer Management Agreement, the Manager is paid 1% of Aggregate Capital raised and held Annually for Issuer Management Services and 1% of AUM for Mortgage Administration Services per closed mortgage funding where AUM is defined as the total of the principal amount of the outstanding mortgage balances (less any credit losses). These fees and applicable federal and provincial taxes are calculated monthly and paid upon Invoice at the discretion of the Manager.
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 Issuer intends to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2 BUSINESS OF THE ISSUER

2.1 Structure

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

The Issuer's business objective is to generate income by optimizing its investment portfolio within the MIC criteria mandated 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. is a Canadian controlled private corporation. Lendmax Inc. is licensed through the Financial Services Regulatory Authority and provides mortgage administration services for the Issuer.

MIC Qualification (Mortgage investment corporation) Qualification

The Issuer conducts its mortgage lending business so as to qualify as a "mortgage investment corporation" under the Income Tax Act (Canada). 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.

Management of the Issuer

The Board of Directors oversees the overall business and undertaking of the Issuer. Lendmax Inc. (the "**Manager**") under a Issuer Management Agreement dated Jan 17, 2023 ("**Management Agreement**") performs the following functions for the Issuer:

- 1) **Issuer Management:** Investor management, Marketing, Advisory, Office Administration, Portfolio Monitoring, Investor payments, redemptions, and provincial regulatory compliance adherence.
- 2) **Mortgage Administration:** Origination, Underwriting, Deal Review, Legal Coordination, Mortgage Monitoring, mortgage default, mortgage arrears, borrower management, risk mitigation, recovery of investment mortgages and provincial regulatory lending compliance. Mortgage investment placements are sourced primarily through the Manager.

The Manager may employ from time to time the services of third-party Real Estate and Mortgage industry related persons, including real estate brokers, lending companies, mortgage agents, marketing agencies, legal counsel for

consultation. Any fees paid by the Issuer to such engagements will be at rates consistent with those charged by arms-length third parties.

The Board of the Issuer is now composed of four directors namely:

- Michele Squeo - Chief Executive Officer of the Issuer 25% Class A Common Shares
- Ankush Jaswal – Director 25% Class A Common Shares
- Michelle Donaubauer – Director 25% Class A Common Shares
- Kelly McBride – Director 25% Class A Common Shares

Michele Squeo who has received 25% of the total outstanding Common Shares from the Issuer 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.

Michelle Donaubauer who has received 25% of the total outstanding Common Shares from the Issuer as a recipient to the 25% shares of ownership that were surrendered from previously appointed Director, Louise Donaubauer per her resignation from the role as of November 21, 2022.

Relationship between the Issuer and the Manager

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 Issuer, and is also the sole director of the Manager. The Issuer and the Manager also share key employees and decision- makers. As a result, the Issuer and the Manager are under common direction and control. The Manager is a Licensed Mortgage Administrator with the Financial Services Regulatory Authority of Ontario.

The Manager, 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 Issuer. The Manager or any related Issuer or individual may hold a subordinate portion in any mortgage which is presented to the Issuer for investment, and the rate of return on such a subordinate portion may vary from the Issuer 's rate of return due to the differing loan- to-value risk assumed by the Issuer. See Conflicts of Interest in Section 2.2 below.

Management Fees and Expenses

The Issuer will pay the following amounts to the Manager under the terms of the Management Agreement:

- (a) Fees are paid to the Manager for the Functions performed:
 - Issuer Management:** A fee up to and equal to 1.00% of the aggregate capital contributed by the Class B Shareholder and Class R Shareholder, plus applicable federal and provincial taxes, calculated monthly and paid upon Invoice at the discretion of the Manager. Fees are calculated monthly on the first day of the month at the rate of 0.08333%, aggregated calculated monthly and paid upon Invoice at the discretion of the Manager.
 - Mortgage Administration:** A one time fee per mortgage transaction for the duration of its term, of up to and equal to 1.00% of the AUM advanced by the Issuer plus applicable federal and provincial taxes, calculated monthly and paid upon Invoice at the discretion of the Manager. Fees are calculated monthly on the first day of the month and paid upon Invoice at the discretion of the Manager.
- (b) The Manager is entitled to deduct any amounts deductible under the Issuer Management Agreement, before distributing amounts to the Issuer under the Management Agreement. In addition, the Manager is 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 Issuer , which fees are and remain the sole property of the Manager, and to the extent that they are recovered from the borrowers or investment.
- (c) All rights granted to the Manager and other amounts payable to the Manager pursuant to the terms hereof shall include the applicable amount of harmonized sales tax ("HST") payable in respect thereof. Accordingly, the

Manager 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 Manager is 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 Issuer.

All the other costs with respect to the Issuer s' business shall be paid for by the Issuer 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 Issuer 's investments.

Management Agreement

The Issuer 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 Issuer. The Management Agreement is for an indefinite term, subject to certain provisions for termination.

1. The Issuer 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 Issuer to the Manager describing such failure in detail.
2. The Manager may terminate the Management Agreement if the Issuer 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 Issuer to the Manager describing such failure in detail.

Pursuant to the terms of the Management Agreement, the Issuer has agreed to indemnify and reimburse the Manager, 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 Manager gross negligence or willful misconduct.

Third Party Marketing Agreements, Finder's Fees and Commissions

The Manager on behalf of the Issuer 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 Issuer. The Manager 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 Issuer 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 real estate and finance professionals. Each member of the credit committee will periodically review funded mortgages to ensure the mortgage investments to be in line with the Issuer s Investment Policies, See “*Investment Policies, Restrictions and Guidelines*”.

Investment Process

Once the Manager of the Issuer has underwritten and proposed the mortgage for approval, the CEO/Directors of the Issuer will provide their approval as a final investment decision or offer alternative recommendations to mitigate risk on the transaction.

The Committee Members will have unfiltered access to all origination and investments, and they will meet periodically to discuss and offer guidance on the trajectory and growth of the Issuer. Any Committee Member has a right to audit or request additional details for each investment.

Committee Members

1. Amitabh Chakrabarty – Former Chief Operating Officer of the State Bank of India (Canada)
2. Rajesh Sharma – Sales Manager at Desjardins
3. Haskell Nussbaum – Sole Practitioner at Shapiro Lawyers Professional Corporation
4. Jahanzaib Khalid – Sole Practitioner at JZK Law Professional Corporation
5. Victoria Zemelman - Real Estate Broker, Investor
6. Maya Molson – Mortgage Broker, Investor
7. Hadis Kozo - Real Estate Investor

2.2 Our Business

The Mortgage Portfolio

The Issuer'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 are principally secured by single family houses. The Issuer will actively employ resources to originate mortgages, the Issuer also relies on Lendmax Inc., a related Issuer, to underwrite, administer and execute related actions while the Issuer provides mortgages for investment.

The Issuer intends to carry on business as a “mortgage investment corporation” within the meaning of the Income Tax Act by investing primarily in a portfolio of residential, commercial, construction and other mortgages on real estate properties located in Ontario. To the extent that available funds are not invested in mortgages, such funds will generally be invested in short-term deposits, savings accounts or government guaranteed income certificates. The Issuer's investments will be made in accordance with its investment policies from time to time. See “Investment Policies” below.

The Issuer may fund its investments through equity financings including the issuance of Preferred Shares, or through the use of leverage, as permitted by applicable legislation, by issuing debt obligations or otherwise borrowing funds up to a maximum of three times the net book value of its assets. The Issuer intends to borrow to the extent that the Issuer's Board of Directors is satisfied that such borrowing and additional investments will increase the overall profitability of the Issuer. See “2.3 Development of Business – Demand Operating Credit Facility” for a description of the demand operating credit facility obtained by the Issuer. In certain cases, the Issuer may act with other lenders (each a “co-lender”) to fund the same loan where the loan size is determined by management to be too large for the Issuer. In these cases, the Issuer may act as agent for the co-lender(s) and the “Mortgages Receivable” amount shown on the financial statements is only the Issuer's portion of such loans.

Issuer conducts its business so as to qualify as a “mortgage investment corporation” under the Income Tax Act, upon such qualification the Issuer will be generally permitted to deduct dividends it pays in computing its income. The Issuer intends to pay out all of its net income and net realized capital gains as dividends within the time period specified in the Income Tax Act and as a result, does not anticipate paying any income tax. See “Certain Canadian Federal Income Tax Considerations”.

As of Jan 22, 2021, the issue sold its Preferred Shares were sold to investors resident in Ontario through Silver Maple Ventures Inc. a firm registered as an exempt market dealer with the British Columbia Securities Commission.

As of Jan 01, 2023, the Issuer continues to sell its Preferred Shares to residents of Ontario, British Columbia and Alberta through Waverley, a firm registered as an exempt market dealer with the Ontario Securities Commission.

The Credit Committee is responsible for guiding the Issuer's mortgage investments according to Investment Policies which the Manager will use to underwrite and administer the mortgages. The Issuer Management Agreement between the Issuer and Lendmax Inc. (a related Issuer) provides a service for all mortgages to be underwritten by Lendmax Inc. Lendmax will perform certain administrative duties in the management and administration of all mortgages held within the Issuer. The Issuer may also employ a third party to administer and/or underwrite mortgages outside of this relationship.

The Issuer, 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 Issuer '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 Issuer '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 Issuer '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. The Issuer may acquire real estate properties by foreclosure or otherwise as default occurs on a mortgage.
5. **Mortgages secured through Co-Lending** - Agreements where another qualified Mortgage investment corporation Issuer may participate in lending on a transaction as a first or second position and the Issuer may facilitate a second or first position respectively.

Investment Policies, Restrictions and Guidelines

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

Investment Policies

The Issuer'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 Issuer 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 Issuer, 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 Issuer's entire residential mortgage portfolio is 75% to 80%. The target Loan to Value of the Issuer's commercial mortgage portfolio is up to 70% 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 Issuer generally expects to lend up to a maximum LTV of 85% at the date of advance, although this is dependent on current real estate market conditions, like location, ability to service debt, ability to repay the balance and mortgage priority for a case by case scenario applicable to each individual borrower's situation with care in risk being mitigated. If the property value falls below the maximum LTV of 85% then the Issuer may require a lump sum payment towards the outstanding mortgage balance to reduce the Issuer 's exposure on that mortgage in the portfolio.
For residential mortgages on vacant land (which excludes vacant land for the purposes of construction or development), the Issuer generally expects to lend up to a 65% LTV, although the amount is dependent upon the location and mortgage priority. The Issuer will only lend 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 Issuer 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 Issuer will not make loans secured only by mortgages on vacant lands and will generally require additional security from the borrower and/or guarantors.

- The Issuer’s mortgage portfolio will principally be comprised of first and second mortgages, targeting a net dividend yield of 6-12%. The Issuer targets an overall allocation, within its residential portfolio, of 35% to first mortgages and 65% to second mortgages and will consider best use of funds to place its mortgage investments to obtain the highest return available to the investment opportunity. The Issuer **will not** lend on third mortgages.
- The Issuer will invest in mortgages on residential properties such as single-family dwellings, duplexes, townhouses, condominium units, land or multiple family dwellings such as apartment buildings. Additionally, the Issuer will invest in mortgages on commercial and industrial property, including properties under construction.
- All mortgages will, following funding, be registered on title to the subject property in the name of the Issuer; except that in some instances the interests of the Issuer may be registered in the name of a third party approved by the Issuer as trustee on behalf of the Issuer.
- Temporary surplus cash funds not invested in mortgages will be invested in short-term deposits, savings accounts or government guaranteed income certificates.
- Mortgage loans in amounts up to \$1,000,000 underwritten and proposed by the Manager of the Issuer may be approved by the CEO of the Issuer. Mortgage loans in amounts of more than \$1,000,000 and up to \$3,000,000 must be underwritten and proposed by the Manager and approved by at least 50% of the management team of the Issuer.
- The Issuer requires a current appraisal with every new mortgage application unless otherwise directed by the directors of the Issuer (appraisals on renewal mortgage applications are done on a case-by-case basis), such appraisal to be prepared by a member of the Accredited Appraisal Canadian Institute or a Canadian Residential Appraiser.
- The Issuer 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 or an employee, as the case may be, under the governing plan of trust or of any other person who does not deal at arm’s length with that person.

The Issuer’s investment policies may be changed from time to time by the Issuer with the approval of its Board of Directors.

The Issuer has adopted certain policies which establish the investment criteria for the Issuer'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 Issuer is required to have \$25,000 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 “*Redemptions*”). The Issuer 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 Issuer to do so, having regard to the market value of the property and the amount of mortgage debt due to the Issuer.
- The Issuer may not hold any indebtedness, whether by way of a mortgage or otherwise, of a person who is a common shareholder of the Issuer 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 Issuer 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 Issuer 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 Issuer registered or licensed under the *Insurance Companies Act* (Canada) or similar legislation of a Canadian province or territory.
- The Issuer may not make a loan secured by a mortgage on a property in which:
 - (i) any senior officer or director of the Issuer, the Administrator, or the Manager, or
 - (ii) Any associate or affiliate of a person referred to in (i) has an interest as mortgagor.
- The Issuer 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 Issuer 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 Issuer may contain provisions permitting the mortgagor, when not in default, to renew their mortgage for one or more additional terms.

Operating Policies

The Issuer will adhere to the following operating policies:

- I. the Issuer 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 Issuer 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 favorable title opinion from a solicitor.
- III. the Issuer 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 Issuer must be held by and registered in the name of the Issuer.

Investment Restrictions

The Issuer'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 Issuer may not:

- I. make a mortgage loan if, immediately after the closing of the mortgage transaction, the amount so lent would be greater than 35% of the book value of the Issuer's net assets, where the Issuer's net assets exceeds \$5,000,000; guarantee securities or obligations of any person or Issuer.
- II. engage in derivative transactions for any purpose.
- III. engage in securities lending.
- IV. 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.
- V. develop, manage or acquire (except by foreclosure or other enforcement of its rights as mortgagee) any real property. (From time-to-time, the Issuer may lend to commercial mortgages. The Issuer 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.)
- VI. enter into a forward commitment that is binding on the Issuer unless the Issuer 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
- VII. otherwise conduct its business in a manner that would result in the Issuer 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 Issuer may lend to commercial mortgages. The Issuer 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 Issuer. 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 Issuer's mortgage portfolio will be residential and not commercial mortgages. If and to the extent it does invest in any commercial mortgages, the Issuer 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 Officer of the Issuer is also operating as a licensed mortgage broker under Financial Services Regulatory Authority engaged in an independent contractor agreement with RateShop Inc. and as the Chief Executive Officer of Lendmax Inc. (Manager). There is limited potential for conflict of interest where a mortgage transaction originated by the CEO, Directors, officers or shareholders of affiliates of the Issuer may receive a direct benefit from the approval or funding of a mortgage resulting in commissions or referral incentives, in these situations the board of directors will act as an approval committee to negate any influence to the approval process and the conflict of interest 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 Issuer, where the spouse is an actively licensed mortgage broker. There is potential for conflict of interest where the director or the spouse may have a direct benefit from commissions earned, in these situations the board of directors will act as an approval committee to negate any influence on 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.

Waverley 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 Issuer will devote all of his or her full time to the business and affairs of the Issuer, each will devote as much time as is necessary to manage or advise on the business and affairs of the Issuer. 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 Issuer 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 Issuer. 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 Issuer, any of the foregoing investment policies require amendment to comply with such change in legislation, the Issuer's directors may, subject to the Articles, make such change and such change will be binding on the Issuer.

It is anticipated that the Manager will provide the Issuer with assistance from time to time in 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 Issuer, the Manager will be required to comply with and observe such change immediately upon such change becoming effective.

Redemption and Retraction Rights

The Issuer 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 Issuer. See "*Description of Securities Offered - Terms of Securities.*"

2.3 Development of Business

The Issuer commenced active operations On Jan 22, 2021 and continues to raise capital for the purpose of it's portfolio growth and capacity to lend.

The principals of the Manager have more than 15 years of experience in the real estate and mortgage industry as mortgage brokers, investors and lenders. These qualifications enable the Manager to provide mortgage management, administrative and advisory services to the Issuer.

As the CEO of the Issuer, over the next 5 years Michele Squeo who has over 15 years of real estate experience, exposure in private mortgages lending, mortgage administration, portfolio management and risk mitigation will aim at creating a network of investor referral sources which will drive the lending capacity for the Issuer. Michele will also be responsible for working with mortgage agent origination sources to expand the Issuer’s footprint in lending across Ontario, British Columbia and Alberta.

Portfolio Analysis

The following table provides a comparative analysis of the Issuer’s mortgage portfolio as at the dates indicated where the Issuer’s inception in Jan 2021 saw its first closing in September 2021 due to a delayed start premised by COVID shutdowns which only permitted one mortgage transaction investment. In 2022 the Issuer was able to complete 7 transactions and over a 12-month period lend out mortgages of a Total Lent value of \$2,467,400. In 2023, the issuer successfully raised additional funds and completed 13 mortgage transactions of a Total Lent value of \$1,223,107.50. This decrease in the total available capital lent was due to investor share redemptions.

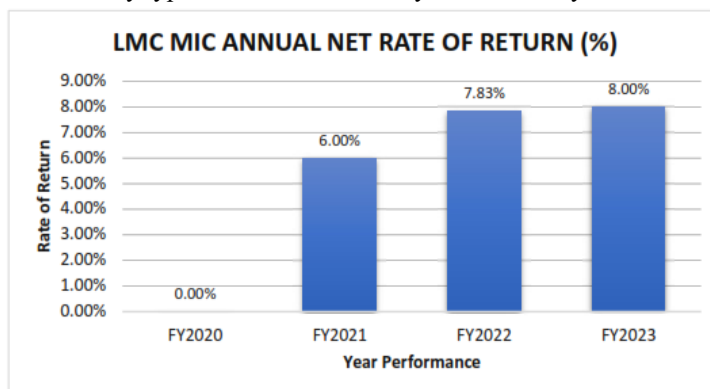
							FY 2021
Description	Property Type	Location	# of Loans	Value	Portfolio [%]	Weighted Rate	Weighted LTV
Total Portfolio	Residential - SFD	Outside GTA - ON	1	\$ 760,000.00	100%	8%	80%
First Mortgage			1	\$ 760,000.00	100%	8%	80%
Second Mortgage	Residential - SFD	Outside GTA - ON	-	-	-	-	-

							FY 2022
Description	Property Type	Location	# of Loans	Value	Portfolio [%]	Weighted Rate	Weighted LTV
Total Portfolio	Residential - SFD	Outside GTA - ON	7	\$ 2,467,400.00	100.0%	9.89%	70.15%
First Mortgage			3	\$ 1,930,400.00	78.24%	6.99%	71.95%
Second Mortgage	Residential - SFD	Outside GTA - ON	4	\$ 537,000.00	21.76%	12.79%	70.81%

							FY 2023
Description	Property Type	Location	# of Loans	Value	Portfolio [%]	Weighted Rate	Weighted LTV
Total Portfolio	Residential - SFD	Outside GTA - ON	13	\$ 1,223,107.50	100.0%	7.91%	73.05%
First Mortgage			0	\$ -	0.00%	0.00%	0.00%
Second Mortgage	Residential - SFD	Outside GTA - ON	13	\$ 1,223,107.50	100.00%	7.91%	73.05%

(Table 1) The annual growth rate compared to the previous year of operations by the Issuer:

The graph below shows the annual rate of return of the Issuer since inception as at each fiscal year end which is December 31st. The annual rate of return for each fiscal year is determined based on the Issuer’s adjusted net income for the year divided by the weighted average number of outstanding Preferred Shares for the year. The rate of return is net of all management fees and operating expenses of the Issuer. Past performance is not indicative of future returns. Mortgages lent by Transaction size and by type of Collateral Security invested in by the Issuer.



(Table 2) The Annual Rate of Return Paid to Investors by the Issuer

Transaction Size 2022	# of Mortgages lent	Amount Lent	% of Money Lent
0 - 100K	3	\$187,000.00	7.58%
100K - 250K	0	\$0.00	0.0%
250K - 500K	2	\$749,000.00	30.36%
500K - 1M	2	\$1,531,400.00	62.07%
1M - 2.5M	0		0.0%
2.5M +	0		0.0%
	7	\$2,467,400.00	100.0%

Transaction Size 2023	# of Mortgages lent	Amount Lent	% of Money Lent
0 - 100K	11	\$723,107.50	59.12%
100K - 250K	1	\$150,000.00	12.26%
250K - 500K	1	\$350,000.00	28.62%
500K - 1M	0		0.0%
1M - 2.5M	0		0.0%
2.5M +	0		0.0%
	13	\$1,223,107.50	100.0%

2022	# of Mortgages lent	Amount Lent	% of Money
Residential	7	\$2,467,400.00	100.0%
Commercial	0	\$0.00	0%
Construction	0	\$0.00	0%

2023	# of Mortgages lent	Amount Lent	% of Money
Residential	7	\$1,223,107.50	100.0%
Commercial	0	\$0.00	0%
Construction	0	\$0.00	0%

(Table 3a, 3b, 3c, 3d) The Transaction Size and Invested Position by Year

Fiscal Year	Total Mortgage Value Lent	Annual Growth Rate
2020	-	-
2021	\$760,000.00	-
2022	\$2,467,400.00	225.0%
2023	\$1,223,107.50	-50.42%

(Table 4) The Transaction Size and Invested Position by Year

- As of December 31, 2023 the issuer declared a total Net Dividend payable to investors at 8.00% where the previous year in FY2022 the issuer had paid 7.83%. The issuer continues quarterly paid dividends and the quarterly compounding applies to investors signed up for DRIP (Dividend Re-investment Plans). The investors have seen an annual 6% Yield in base payout and an additional bonus of 2% paid in annual dividends. As of December 31, 2023, there were no mortgages in foreclosure. The Issuer's policy is to provide on its financial statements a specific provision equal to anticipated losses on a mortgage-by-mortgage basis. As at the fiscal year ended December 31, 2023, management has identified no mortgage for which a loss is anticipated and thus, there has been no provision made for mortgage losses.
- As of December 31, 2023, the Issuer's capital stock stood at \$798,557, representing a decline in total shares by approximately 7.00% over the prior year's capital stock value of \$861,460. Decrease in Preferred Share capital was in part due to cash redemptions and a combination of dividend reinvestments making up the total decrease of \$62,903 in share subscriptions.
- Of the 13 mortgages held by the Issuer in FY 2023, 92.3% of the total lent amount was invested outside of Greater Toronto Area, and the remaining within, all in the Province of Ontario.
- Of the 13 mortgage investments, 92.3% of the mortgages funded in FY 2023 were against residential detached properties and approved as second mortgages and 1 of the 13 properties was a townhome, where an appraisal was completed for each mortgage review prior to funding.
- With all mortgage investments in real property, there were no encumbrances material to the board of the Issuer, and carried no restrictions of any nature, nor any environmental concerns or tax arrears, all receiving city provided utilities being used a residential property. All active mortgages continue in good standing.

Notes:

- 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.
- First Mortgage means a mortgage where there is no other person that holds a prior registered mortgage on the same real property.
- 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.

4. The Issuer as of December 31, 2023 has maintained a combined weighted LTV of 73.05% across the portfolio.

2.4 Long Term Objectives

The long-term objective of the Issuer is to provide its Preferred Shareholders' sustainable monthly income distributions while preserving the principal invested at all times and to grow the value of its mortgage portfolio at a steady pace, further diversifying the risk to holders of Preferred Shares while continuing to maintain a yield substantially higher than an investor could achieve from traditional bank sources.

The Issuer, however, established as a business since 2020, has limited previous operating experience in which to assess its ability to meet its objectives. The Issuer seeks to achieve these objectives by investing in accordance with its investment policies. The Issuer seeks to raise investment funds of \$5,000,000 per annum for the growth of its portfolio of mortgages. The Manager has implemented an investment strategy to prudently manage the risk of investing in mortgages.

To establish a pool of high-quality loans through prudent investment in mortgages of real property situated primarily in Ontario, British Columbia and Alberta.

The Issuer will seek to achieve these investment objectives by investing in mortgages secured against real property in the province of Ontario.

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 FY2023 is to raise additional capital and generate returns on capital lent via the Mortgage investment corporation. The issuer aims to increase the number of current investors with a focus on registered investment intake. Each contribution no greater than 25% of the total portfolio value, will allow the Issuer to grow at a faster rate and consistently lend in sound investments while generating a target annual return of between 6-12% for our investors by investing the proceeds in mortgages.

The following table sets out how the Issuer 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	\$200,000
Investor & Mortgage Management	12 months	\$100,000
Working Capital	12 months	\$25,000
Invest available funds into mortgages. ⁽²⁾	12 months	\$4,675,000
Total:		\$5,000,000

Notes:

- (1) This figure includes, legal, audit, accounting (estimated at \$84,320) as well as \$115,680 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 paid to the manager.

2.6 Insufficient Funds

The proceeds of the Offering may not be sufficient to accomplish all the Issuer '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 Issuer is currently a party. Electronic copies of these agreements are available upon request.

- (a) The Articles of the Issuer 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 Issuer 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) Issuer Management Agreement – dated Jan 17th, 2023, with Lendmax Inc. See "*Business of the Issuer – Structure.*"
- (d) Issuer will enter into referral and marketing agreements with independent contractors whereby investors will be offered access to the investment into the Issuer 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*".
- (e) As of Nov 21, 2022, the Issuer has agreed to retain Waverley Corporate Financial Services Ltd.. ("Waverley" or the "Agent") as its primary agent to arrange and facilitate the completion of the sale of the Class B Shares to Subscribers.

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 Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (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 Issuer 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 securities of the Issuer held after completion of Min. Offeri ng	Number, type and percentage securities of the Issuer held after completion of Max. Offeri ng
Michele Squeo Woodbridge, Ontario	Director, Chief Executive Officer, President, and Secretary-Treasurer as of December 23 rd , 2022.	2020: Nil 2021: Nil 2022: Nil 2023: \$24,432.65	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 2023: 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 2023: 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 2023: Nil	1 Class A Common Share (25%)	1 Class A Common Share (25%)

The principal occupations of the directors and senior officers of the issuer over the past five years and their experience relevant to the Issuers' business are as follows:

Name	Principal occupation and related experience
Michele Squeo Director, Chief Executive Officer, President, and Secretary-Treasurer	<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 the 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 Brokerage 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>
Michelle Donaubauer Director	<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>
Kelly McBride Director	<p>Kelly McBride brings varied experience to the board. Her experience focused on the retail industry and education sector has helped her pioneer customer service and manage investor intake administration.</p> <p>Kelly is a graduate from York University.</p>
Ankush Jaswal Director	<p>Ankush Jaswal is the Director of MSSP Operations at LCM Security Inc. Ankush graduated from Sheridan College in 2014 with an Honors Bachelor of Applied Information Sciences, Computer, and Information Systems Security.</p>

Notes: Ali Zaidi is sponsored by Waverley as a dealing representative of Waverley who is acting on behalf of Waverley in connection with the Offering.

3.2 Penalties, Sanctions and Bankruptcy

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

- 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
- 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 Manager or trustee to hold assets, that has been in effect during the last 10 years.

3.3 Loans

The Manager, or affiliate of the Manager, may from time to time, advance funds to the Issuer 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 Issuer with the funds advanced. The Manager's loan will be repaid with subsequent proceeds received by the Issuer from the issuance of the Offered Shares. There are no loans due to or from directors, management, promoter, or principal holders of the Issuer or the Manager 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 Issuer.

3.4 Indebtedness to the Issuer

As at the date of this Offering Memorandum, to the knowledge of the Issuer, none of the directors, management, promoters or principal holders of the Issuer is indebted to the Issuer.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

The following table provides information about outstanding securities of the Issuer (including options, warrants and other securities convertible into shares). The Issuer is authorized to issue an unlimited number of Class B Preferred Shares and Class R Preferred 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	n.a.	0
Class B Preferred Shares	Unlimited	\$1.00	735,241	n.a.	4,264,759 ⁽¹⁾
Class R Preferred Shares	Unlimited	\$1.00	0	n.a.	5,000,000 ⁽¹⁾

Notes: (1) The Maximum Offering is \$5,000,000

4.2 Long Term Debt Securities

If deemed prudent by the Manager, the Issuer 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 Issuer .

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

4.3 Prior Sales

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

Date of Issurance	Type of Security	Number of Securities Issued	Dividend Reinvestment	Shares Redeemed	Price per Security	Total Funds Received
Mar 31, 2023	Class B Preferred	12,744.89	12,744.89	0	\$1/share	12,744.89
Jun 30, 2023	Class B Preferred	10,571.55	10,571.55	252,081.00	\$1/share	10,571.55
Sep 30, 2023	Class B Preferred	10,168.24	8,334.53	0	\$1/share	8,334.53

Dec 31, 2023	Class B Preferred	23,042.35	14,599.68	0	\$1/share	14,599.68
March 31, 2024	Class B Preferred	0.00	0.00	0	\$1/share	0.00

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 Issuer is authorized to issue an unlimited number of Class B Shares and Class R Shares (together, the “**Offered Shares**” or “**Preferred Shares**”).

The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer .

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 Issuer , acting in their sole discretion, out of the moneys of the Issuer properly applicable to the payment of dividends.

The Issuer 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 Issuer) 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 Issuer and to comply with the Articles and applicable laws.

The Issuer expects the dividend yield on the Offered Shares to be approximately 6-10% per annum, net of fees (the “**Target Yield**”). The Issuer 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 Issuer ’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 or bonus.

Target Yield is calculated based on all interest and fee earnings over the course of the fiscal year divided by the Total Available funds at the end of the beginning of the Fiscal Year.

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.

Dividend calculations are based on simple interest and annual percentage rate. DRIPs (Dividend Re-investment Plans) will receive quarterly re-investments or Share Purchases to the last cycle principal on which interest is calculated and paid.

Liquidation

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

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 Issuer 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 Issuer . The Issuer anticipates paying a targeted quarterly dividend on Class B Shares equivalent to approximately 6-10% per annum. The Issuer 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 Issuer 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 or registered referral agent. The holders of Class R Shares are not entitled to vote at meetings of the shareholders of the Issuer 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 Issuer . The Issuer anticipates paying a targeted quarterly dividend on Class R Shares equivalent to approximately 6-9% per annum, however, the Issuer 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 Issuer 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 Issuer s 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 Issuer .

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 Issuer pursuant to the Act or a sale, lease or exchange of all or substantially all of the property of the Issuer 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 Issuer 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 Issuer, requiring the Issuer 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 Issuer. The Issuer 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 Issuer of the Redemption Request.

Early Redemption: In the case of any Preferred Shareholder would like to redeem an investment with a minimum 60 days notice, the Directors hold the right to waive or reduce the minimum 6 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. An early redemption prior to the minimum 6 month holding period will result in an administrative penalty of 2.5% of the share redemption value.

Substantial Shareholder: Notwithstanding the redemption rights outlined herein, in the interests of all Shareholders of the Issuer 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 Issuer : Upon 21 days, prior written notice to the Preferred Shareholder, the Issuer may at any time redeem any Preferred Share registered in the name of a Preferred Shareholder at the Redemption Price. The Issuer 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 Issuer. The Issuer 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 Issuer 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 Issuer do not constitute a "prohibited investment" to any annuitant of a registration plan for purposes of the Tax Act.

Payment Upon Redemption: The Issuer 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 2.5% of the aggregate Redemption Price shall apply on Preferred Shares that are the subject of a redemption request by the Shareholder and not the Issuer, that have been issued and outstanding for less than 6 months and Redemption fees of 1.25 % of the aggregate Redemption Price shall apply on Preferred Shares that are the subject of a redemption request by the Shareholder and not the Issuer, 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 Issuer 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 Issuer 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 Issuer 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 Issuer, or (ii) in circumstances whereby the Directors have determined that the accounting working capital of the Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer to Maintain MIC Status

The Articles also provide that no holder of any shares of the Issuer is permitted to acquire, hold, transfer, encumber or otherwise deal in or with any shares of the Issuer, or any interest therein, in a manner that will cause the Issuer to cease to qualify as a MIC under the Tax Act. In the event that any holder of shares of the Issuer purports to transfer any shares of the Issuer, exercises or purports to exercise any retraction rights in respect of any shares of the Issuer or any repurchase rights affecting any shares of the Issuer or enters, or does anything for the purpose of entering, into any other transaction affecting any of the shares of the Issuer (each of the foregoing, a “**Triggering Transaction**”), that, if completed, would cause the Issuer, in the reasonable opinion of the directors of the Issuer, to cease to qualify as a MIC under the Tax Act, the directors of the Issuer shall have the power to cause any affected holder of shares of the Issuer or prospective holder of shares of the Issuer (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 Issuer, including the power to force the conversion of shares of the Issuer of any class or series into shares of another class or series of the Issuer, all without consent of any actual or prospective holder of shares of the Issuer affected thereby; provided that all such powers shall be exercised by the directors solely for purpose of ensuring that the Issuer 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 Issuer, subject to maintaining the status of the Issuer 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 enroll 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 enroll in the DRIP, change your enrolment or to terminate your enrolment in the DRIP, written notice must be given to the Issuer. 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 Issuer. 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 Issuer; 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 Issuer .

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 Issuer . The Issuer 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 Issuer 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 Issuer and Manager: Neither the Issuer nor the Manager is liable for any act undertaken or omitted in good faith. Neither the Issuer nor the Manager 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 Issuer : The Issuer 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 Issuer from provisions under securities legislation requiring the Issuer 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 Issuer 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 Issuer) 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 A1 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 Manager and are subject to the terms and conditions of the Subscription Agreement signed by the Subscriber. The Issuer reserves the right to close the subscription books at any time without notice. Any funds for subscription that the Issuer does not accept will be promptly returned after the Issuer has determined not to accept the funds without interest or deduction.

The authority to accept or reject subscriptions has been delegated to the Manager to ensure that the Issuer 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 Issuer 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 Issuer to maintain its status as a "MIC" under the Tax Act. Therefore, any funds received from a Subscriber are available to the Issuer and need not be refunded to the Subscriber save and except as required by the constating documents of the Issuer, 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 Manager 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 Issuer).

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

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 Issuer with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Issuer 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 Issuer and each dealer from whom a purchase confirmation is received, that such purchaser has been notified by the Issuer:

- (a) that the Issuer 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 Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 the Issuer's ongoing intent and requirement to meet 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 Issuer; or, in the Issuer's first taxation year, at the end of such first taxation year:

- (a) the Issuer is a Canadian Issuer as defined in the Tax Act;
- (b) the Issuer'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 Issuer by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Issuer did not own shares of Issuer's not resident in Canada;
- (e) the Issuer did not hold real property situated outside of Canada;
- (f) no debts were owing to the Issuer that were secured on real property situated outside of Canada;
- (g) the cost amount of the Issuer'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 Issuer's whose deposits are insured by the Canada Deposit Insurance Issuer 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 Issuer) owned by the Issuer did not exceed 25% of the cost amount to it of all of its property;
- (i) the Issuer had 20 or more shareholders and no person would have held more than 25% of the issued shares of the capital stock of the Issuer or been a specified shareholder (as such term is defined in subsection 130.1(6) of the Tax Act) of the Issuer;
- (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 Issuer'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 Issuer'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 Issuer qualifies as a MIC in accordance with conditions prescribed in the Tax Act at all times as of March 31, 2024 which are relevant to the opinions expressed herein. If the Issuer does not qualify as a MIC the income tax consequences will be materially different from those described below. Based upon certain representations by management of the Issuer as to the nature, location and cost amounts of the Issuer's assets and liabilities, including the composition and cost of its mortgage portfolio, as to the shareholders of the Issuer and as to the range of activities which the Issuer will undertake in the course of carrying on its mortgage investment business (the "**Representations**"), counsel anticipates that the Issuer 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 Issuer's subsequent taxation years. Purchasers are cautioned that the Issuer 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 Issuer expects that the Representations will continue to be true throughout each of the Issuer's subsequent taxation years such that the Issuer will continue to so qualify.

Taxation of the Issuer

The Issuer 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 Issuer in computing its income for the preceding year. In addition, the Issuer 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 Issuer 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 Issuer 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 Issuer to an individual and holders that are Issuer's will not be entitled to deduct the amount of the dividends paid by the Issuer 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 Issuer) 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 Issuer 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 Issuer 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 Issuer) 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, subject to change without notice from the issuer per the changes in the Tax Act where currently 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 Issuer would reduce the adjusted cost base of the Offered Shares.

Eligibility for Investment by Deferred Income Plans

The Issuer 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 Issuer qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Issuer 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 Issuer or on any capital gain realized on the disposition of the Offered Shares or with respect to capital gains dividends.

If the Issuer 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 Issuer will apply against the holder if the Issuer fails to qualify as a MIC, or at any time if the Offered Shares become a prohibited or nonqualified 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 Issuer has agreed to retain Waverley Corporate Financial Services Ltd.. ("**Waverley**" or the "**Agent**") as its primary agent to arrange and facilitate the completion of the sale of the Class B Shares to Subscribers. The Issuer may retain or engage other agents, securities dealers and brokers. No fees or commissions shall be payable by either the Issuer or the Manager to such agents, securities dealers or brokers other than the following fees:

- i). One time commissions or fees of up 1.5% of the funds raised and a monthly commission payment of \$3,000.

Class R Shares

Lendmax Inc. in its capacity as a Manager of the Issuer has agreed to retain Waverley Corporate Financial Services Ltd..

("Waverley" or the "Agent") as its primary agent to arrange and facilitate the completion of the sale of the Class R Shares to Subscribers. The Issuer may retain or engage other referral agents, securities dealers and brokers. No fees or commissions shall be payable by either the Issuer or the Manager to such agents, securities dealers or brokers other than the following fees:

- i). One-time commissions or fees of up to a maximum of 3% of the funds raised by a referral agent.
- ii). The Manager 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 1.5% of the aggregate investment amount which is to be paid at minimum 365 days after the investment has been received by the Issuer and has been contracted for a minimum of 3 years. The referral fee must be paid by Waverley.

The Issuer 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 Issuer '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 Issuer '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 Issuer 's business and/or the return to the Subscribers.

8.2 Investment Risk

Risk 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 Issuer '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 Issuer nor counsel for the Manager 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 Issuer to redeem them, upon appropriate advance notice from the Subscriber to the Issuer. 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 Issuer. If the Subscriber does not provide the Issuer 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 Issuer maintaining its status as a MIC as defined by the Tax Act, all as determined solely by the Manager. **Accordingly, this investment may be unsuitable for those prospective Subscribers who require greater liquidity.**

No Guarantees - There is no assurance that the Issuer will be able to pay dividends at the level targeted by the Issuer. 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 Issuer. 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 Issuer are carefully selected, there can be no assurance that such loans will have a guaranteed rate of return to the Issuer 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 Issuer whole if and when resort is to be had thereto. Although the Issuer will endeavor to maintain a diversified portfolio, the composition of the Issuer's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Issuer's portfolio being less diversified than anticipated. **There is no assurance that the Issuer's mortgage portfolio will be profitable.**

No Review by Securities Regulatory Authorities - The Offering constitutes a private offering of the Offered Shares by the Issuer 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 Issuer 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 Issuer and the Manager to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's and the Manager's directors, officers and employees. It would be inappropriate for Subscribers unwilling to rely on these individuals to this extent to purchase Offered Shares.

Dividend Entitlement - The holders of the Preferred Shares shall be entitled to receive, and the Issuer shall pay thereon, dividends as and when declared by the directors out of the monies of the Issuer 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 Issuer. 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 Issuer 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 Issuer. 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 Issuer 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 Issuer in addition to the right to seize mortgage assets pursuant to security agreements with the Issuer.

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 create 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 Issuer to estimate or quantify the extent to which the COVID-19 pandemic may, directly or indirectly, affect the Issuer'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 Issuer 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

Risks that are specific to the Issuer and the Manager 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 Issuer 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 Issuer. The Issuer agrees that neither the Manager nor its shareholders, directors or senior officers will be liable to the Issuer 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 Issuer, and even if the business opportunity could have been pursued by the Issuer. Notwithstanding the immediately preceding paragraph, the Manager shall be required to present to the Issuer all mortgage investment opportunities that are available to it provided the Issuer has the resources to make the proposed investment and the proposed investment meets the Issuer's investment guidelines and restrictions set forth in the Offering Memorandum and is consistent with the Issuer's investment objectives and strategies. To the extent that the Issuer 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 Issuer or co-lender with third parties. In such circumstances, so long as the Issuer 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 certain interests held on the Issuer's account. To the extent the Issuer 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 Issuer will use their best efforts to ensure the Issuer 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 Issuer failing to meet the requirements of a MIC under the Tax Act.

As a Issuer qualified as a MIC, the Issuer 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 Issuer 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 Issuer. If for any reason the Issuer fails to maintain its MIC qualification in a particular year, the dividends paid by

the Issuer on the Offered Shares would cease to be deductible from the income of the Issuer 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 Issuer 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 Issuer'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 Issuer, and the Manager to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's, and the Manager's directors, officers and employees.

Development Stage of Business Risks - The Issuer has no history upon which an evaluation of its prospects and future performance can be made. The Issuer's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Issuer'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 Issuer could sustain losses into the future. If the Issuer 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 Issuer will achieve its investment objective or earn a positive return.

Dilution - The number of Offered Shares the Issuer 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 Issuer 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 Issuer. Any issuance of Offered Shares may have a dilutive effect on existing Shareholders. In addition, under the terms of the Articles of the Issuer, 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 Issuer 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 Manager and Third Parties - In accordance with the terms of the Management Agreement, the Manager have significant responsibility for assisting the Issuer in conducting its affairs. Any inability of the Manager to perform competently or on a timely basis could negatively affect the Issuer. The Issuer is exposed to adverse developments in the business and affairs of the Manager and to its management and financial strength. The operations of the Issuer and the Manager 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 Issuer to implement its business plan. In order to grow the mortgage portfolio, the Manager and the Issuer may need to retain additional staff and may be required to improve existing systems and controls. There is no assurance that the Issuer will manage its growth effectively or that the Manager will adjust its staffing or systems and controls appropriately. To the extent that the Issuer or the Manager does not do so, the mortgage portfolio and the returns of the Issuer may be negatively affected.

Future Operations and Possible Need for Additional Funds - The Issuer requires significant funds to carry out its business plan. In the event the Issuer is unable to raise sufficient funds by this Offering and/or future and/or other debt or equity financing, the Issuer 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 Issuer to carry on business in a profitable manner, including natural or man-made disasters. The Issuer anticipates that a substantial portion of the net proceeds of this Offering will be expended by the Issuer 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 Issuer's business plan. There can be no assurances, however, that the Issuer 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 Issuer will not require additional financing. The Issuer 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 Issuer, or at all. Failure to obtain additional financing would likely have a substantial material adverse effect on the Issuer. Moreover, in the event the Issuer were to obtain such additional financing, it could have a dilutive effect on Subscribers' participation in the revenues generated through the Issuer's operations.

Litigation Risk - The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer'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 Issuer cannot predict the effect such factors will have on its operations.

The Issuer'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 Issuer depend on the Issuer's ability, with the assistance of the Manager, to locate suitable opportunities for the investment and reinvestment of the Issuer's funds and on the yields available from time to time on mortgages and other investments. The industry in which the Issuer 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 Issuer. An inability to find suitable investments may have an adverse effect on the Issuer's ability to sustain the level of distributions. Competitors may reduce the interest rates they charge, resulting in a reduction of the Issuer's share of the market, reduced interest rates on loans, and reduced profit margins.

Environmental Liability of a Mortgage - Under various laws, the Issuer 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 Issuer has exercised its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property. Although the Issuer 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 Issuer 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 Issuer nor the Manager is a member of the Canada Deposit Insurance Issuer and the Offered Shares offered hereunder are therefore not insured against loss through the Canada Deposit Insurance Issuer. Moreover, mortgages held by the Issuer in its capacity are not insured through the Canada Mortgage and Housing Issuer or otherwise.

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

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 Manager at the time of renewal.

Liquidity Risk - Investments in mortgages are relatively illiquid. This will tend to limit the Issuer's ability to vary its mortgage portfolio promptly in response to changing economic or investment conditions. There is a risk that the Issuer will be unable to meet commitments associated with financial instruments. The Issuer controls liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals, which include anticipated redemption of Offered Shares. The Issuer 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 Issuer. In the event of default by the mortgagor under any prior financial charge, the Issuer may not recover any or all of the monies advanced under foreclosure proceedings.

Investment Concentration - As the Issuer 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 Issuer. Any mortgage default could impair the Issuer'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 Issuer's investment portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Issuer's income will consist primarily of interest payments on the mortgages comprising the Issuer's investment portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Issuer's mortgage assets are based), the Issuer 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 Issuer and the inability to accurately predict the extent to which the Issuer's mortgages may be prepaid, it is possible that the Issuer 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 Issuer for the total amount of the return foregone had the mortgage been held to term, and the Issuer may not be able to redeploy the capital at the same interest rate.

Prepayment of Mortgages - The Issuer 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 Issuer 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 Issuer 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 Issuer to incur a financial loss. The Issuer 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 Issuer 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 Issuer exercising its rights as mortgagee and may adversely affect the Issuer's rate of return, which is directly correlated to the receipt of mortgage payments.

Borrower Ability To Repay - Risk factors include default and/or bankruptcy of the borrower, which may result in additional costs and expenses to enforce the mortgage, priority of the mortgage held by the Issuer may affect the Issuer's ability to recover the full amount due under the mortgage (i.e., there may not be enough equity in the property to pay a second or third mortgage in full), the possibility that the value of the mortgaged property decreases below the outstanding principal amount, and any one or all of the above factors may result in a partial or complete loss of the investor's investment, etc.

Defaults - The Issuer'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 Issuer or if the Issuer was unable to invest its funds in mortgages on economically favorable terms. On default by a borrower, the Issuer 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 Issuer, 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 Issuer may be less than the total investment, resulting in loss to the Issuer.

Also, the recovery of a portion of the Issuer'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 Issuer in enforcing its rights as mortgagee against a defaulting borrower are borne by the Issuer. 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 Issuer 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 Issuer could lose a substantial portion of the principal amount loaned to the borrower. Loan loss reduces the Issuer's available cash and in turn result in reduced returns to holders of Offered Shares. Excessive loan loss could ultimately result in the Issuer being unable to pay dividends. Excessive loan loss could also ultimately result in the Issuer 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 Issuer's ability to honor retraction requests, depending upon the timing of such requests.

The Issuer may, from time to time, have one or more impaired loans in its portfolio. The Issuer 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 Issuer'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 Issuer may make any mortgage investment, the appraised values, even were 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.

"Your rights relating to your interest in real property will be those provided under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with the laws of that jurisdiction before making an investment. All real estate investments are subject to significant risk arising from changing market conditions."

Use of Leverage - The Issuer has the option to incur indebtedness secured by the Issuer'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 Issuer. 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 Issuer to additional losses of capital. The Issuer 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 Issuer, the indebtedness incurred by the Issuer 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 Issuer to maintain a funding facility with arm's length third party institutions on terms favorable to the Issuer. 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 Issuer 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 Issuer 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 Issuer 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 Issuer under the Offering Memorandum Exemption within 120 days following the end of each fiscal year of the Issuer. The Issuer 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 Issuer 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 Issuer 's business; (b) a change in the Issuer 's industry; or (c) a change of control of the Issuer.

The Issuer 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 Issuer in such fiscal year, including T5's for investment, as applicable.

The Issuer is subject to certain reporting requirement under corporate law, for example, the Issuer 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 Manager 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 Issuer. The Board has appointed YALE PGC LLP to act as the auditors of the Issuer and to report to shareholders with respect to the financial statements of the Issuer 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.ca.; British Columbia Securities Commission <https://www.bsc.bc.ca/> and Sedar+ at sedarplus.ca

Further information about us is posted and available for review by investors at www.LMCMIC.ca or from the Issuer 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 Issuer becomes a "reporting Issuer " as defined under securities legislation in any province or territory of Canada. The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer at the date of this Offering or amendment hereto and every person or Issuer 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 Issuer 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 Issuer, provided that: (a) no person or Issuer 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 Issuer, other than the Issuer, will be liable if such person or Issuer is entitled to rely upon certain statutory provisions set out in subsections 204(3)(a)-(c) 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 Issuer, every promoter of The Issuer, every person who signed this Offering Memorandum or the amendment to this Offering Memorandum and every person who or Issuer that sells securities on

behalf of the Issuer 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 Issuer .

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 Issuer , every promoter of the Issuer and every person who or Issuer 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 Issuer and the verbal statement is made either before or contemporaneously with the purchase of Offered Shares of the Issuer , 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 Issuer, every person who is a director at the date of the Offering Memorandum, and every person or Issuer 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 Issuer for damages; or, while still the owner of the Offered Shares purchased by that purchaser, for rescission against the Issuer , 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 Issuer , 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 Issuer, 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 Issuer, 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 Issuer, 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 Issuer, 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 Issuer, 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 Issuer, 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 Issuer to provide purchasers resident in Québec any rights of action in circumstances where the Offering Memorandum contains a Misrepresentation, The Issuer 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 reception 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.

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LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lendmax Capital Mortgage Investment Corporation,

Opinion

We have audited the financial statements of Lendmax Capital Mortgage Investment Corporation, which comprise the statement of financial position as at December 31, 2023, and the statement of changes in shareholders' equity, statement of income and comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lendmax Capital Mortgage Investment Corporation as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Lendmax Capital Mortgage Investment Corporation in accordance with the 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.

Other Matter

The financial statements of Lendmax Capital Mortgage Investment Corporation for the year ended December 31, 2022 were audit by another auditor who expressed an unmodified opinion on those statements on March 15, 2023.

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

In preparing the financial statements, management is responsible for assessing Lendmax Capital Mortgage Investment Corporation'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 Lendmax Capital Mortgage Investment Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over seeing Lendmax Capital Mortgage Investment Corporation's financial reporting process.

Auditors' 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 auditors' 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.

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 Lendmax Capital Mortgage Investment Corporation'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 Lendmax Capital Mortgage Investment Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Lendmax Capital Mortgage Investment Corporation 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 31, 2024

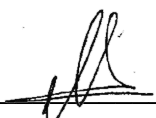
LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 70,853	\$ 392,374
Interest receivable	618	-
Income taxes recoverable	178	178
Mortgages receivable (note 5)	<u>726,908</u>	<u>537,000</u>
TOTAL ASSETS	<u>\$ 798,557</u>	<u>\$ 929,552</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 6)	\$ 13,665	\$ 8,802
Deferred income	56,429	27,843
Dividends payable	8,443	81,496
Due to related parties (note 7)	17,368	-
Due to shareholder (note 8)	<u>29,817</u>	<u>29,817</u>
TOTAL LIABILITIES	<u>125,722</u>	<u>147,958</u>
SHAREHOLDERS' EQUITY		
Share capital (note 9)	693,966	779,968
Retained earnings (deficit)	<u>(21,131)</u>	<u>1,626</u>
	672,835	781,594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 798,557</u>	<u>\$ 929,552</u>

APPROVED ON BEHALF OF THE BOARD


Director

See accompanying notes

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT DECEMBER 31, 2023

	2023	2022
SHARE CAPITAL		
Balance at beginning of the year		
Class A shares (note 9)	\$ 4	\$ 4
Class B shares (note 9)	<u>779,964</u>	<u>779,964</u>
	<u>779,968</u>	<u>779,968</u>
Share capital transactions		
Class B shares issued during the year	217,342	-
Class B shares redeemed during the year	<u>(303,344)</u>	<u>-</u>
	<u>(86,002)</u>	<u>-</u>
Balance at end of the year		
Class A shares (note 9)	4	4
Class B shares (note 9)	<u>693,962</u>	<u>779,964</u>
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 693,966</u>	<u>\$ 779,968</u>

See accompanying notes

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUE		
Interest and fees earned	\$ <u>102,030</u>	\$ <u>113,114</u>
EXPENSES		
Office and general	24,433	-
Professional fees	20,370	7,428
Management fees (note 7 & 10)	14,073	16,960
Legal fees	9,259	-
Interest and bank charges	125	1,069
Income taxes	<u>-</u>	<u>228</u>
	<u>68,260</u>	<u>25,685</u>
NET INCOME	33,770	87,429
Retained earnings (deficit), opening	1,626	(23,276)
Dividends	<u>(56,527)</u>	<u>(62,527)</u>
	<u>54,901</u>	<u>85,803</u>
RETAINED EARNINGS (DEFICIT) FOR THE YEAR	<u>\$ (21,131)</u>	<u>\$ 1,626</u>

See accompanying notes

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 33,770	\$ 87,429
Changes in non-cash working capital components:		
- Mortgages receivable	(189,908)	223,000
- Interest receivable	(618)	17,708
- Accounts payable and accrued liabilities	4,864	(1,377)
- Deferred income	28,586	27,843
Dividends payable	<u>(73,054)</u>	<u>62,527</u>
	<u>(196,360)</u>	<u>417,130</u>
FINANCING ACTIVITIES		
Due to shareholders	-	868
Due to related parties	17,368	-
Proceeds from issue of Class B shares	217,342	-
Redemption of Class B shares	(303,344)	-
Dividends paid	<u>(56,527)</u>	<u>(62,527)</u>
	<u>(125,161)</u>	<u>(61,659)</u>
INCREASE (DECREASE) IN CASH	(321,521)	355,471
CASH AT BEGINNING OF THE YEAR	<u>392,374</u>	<u>36,903</u>
CASH AT END OF THE YEAR	<u>\$ 70,853</u>	<u>\$ 392,374</u>

See accompanying notes

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. **NATURE OF OPERATIONS**

Lendmax Capital Mortgage Investment Corporation (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 6 Indell Lane, Brampton, 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 5).

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.

2. **BASIS OF PRESENTATION**

These financial statements have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as set out in Part 1 of the *CPA Canada Handbook - Accounting*. Material accounting policies have been consistently applied in the preparation of these financial statements, which were authorized for issuance by the board of directors on March 31, 2024.

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

Recent accounting pronouncements

Various pronouncements have been issued by the International Accounting Standards Board or IFRS Interpretations Committee that will be effective for future accounting periods. The Company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the financial statements. None of the standards issued to date are expected to have a material effect on the financial statements

3. **USE OF JUDGEMENTS AND ESTIMATES**

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

- Determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. USE OF JUDGEMENTS AND ESTIMATES - continued

- The valuation of mortgages receivable, which is affected primarily by the provision for mortgage losses.

Actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Financial instruments

(i) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has not classified any financial instruments as FVOCI or FVTPL. The Company initially recognize loans and receivables and other financial liabilities on the date they are originated.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classified their cash, investment in mortgages, interest receivable at amortized cost. Investment in mortgages are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of mortgages is at amortized cost using the effective interest method, less any impairment losses.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

(a) Financial instruments - continued

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

From time to time there may be one or more impaired loans. Mortgages are impaired where full recovery is considered in doubt based on a current evaluation of the security held (if any) and for which specific loss provisions have been established. From time to time, the Manager may be required to take enforcement proceedings with respect to non-performing loans. Enforcement proceedings can be time consuming and, if a sufficient number of loans require enforcement, the Manager's attention may be diverted from the day-to-day operations of the Company or from pursuing its growth strategy and the Company may incur significant expenses that cannot be recovered.

The Manager may from time to time deem it appropriate to extend or renew the term of a loan past its maturity, or to accrue the interest on a loan, in order to provide the borrower with increased repayment flexibility. The Manager generally will do so if it believes that there is a relatively low risk to the Company of not being repaid the full principal and interest owing on the loan. In these circumstances, however, the Company is subject to the risk that the principal and/or accrued interest of such loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Company during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Company may not recover any of the principal and interest owed to it in respect of such loan.

When a loan is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Company has the ability to exercise its enforcement remedies in respect of the extended or renewed loan. Exercising enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Company during the period of enforcement. In addition, as a result of potential declines in security values and other factors, there is no assurance that the Company will be able to recover all or substantially all of the outstanding principal and interest owed to them in respect of such loans by the Company's exercise of enforcement remedies. Should the Company be unable to recover any portion of the principal and interest owed to them in respect of such loans, the assets of the Company would be reduced, and the returns, financial condition and results of operations of the Company could be adversely impacted.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

(a) Financial instruments - continued

(ii) Impairment of financial assets

IFRS 9 uses the “Expected Credit Loss” (“ECL”) model with respect to its review for impairment of financial assets. The Company’s financial assets at amortized cost consist of cash, Investment in mortgages, interest receivable. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument, if the credit risk on that financial instrument has increased significantly since initial recognition.

The Company has measured the loss allowances for amounts receivable at an amount equal to the 12 month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed assessment of forward looking information.

There was no impact on the assets of the Company measured at amortized cost and no impairments were recorded.

(iii) Financial liabilities:

The Company’s financial liabilities which include accounts payable and accrued liabilities, shareholder loan, and dividends payable, are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

(b) Cash and cash equivalents

The Company's cash consists of cash held at a Canadian bank

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

(c) Investments in mortgages

The investment in mortgages is classified as loans and receivable. Such investments are recognized initially at fair market value. Subsequent to initial recognition, the investment loans are measured at amortized cost using the effective interest method, less any impairment provisions.

The investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably, there has been no impairment assessed or identified on the mortgages invested.

(d) Revenue recognition

Interest income earned is recorded on an accrual basis for all mortgages using the effective interest method. Fee income and related marketing and administration costs are recorded in the period which corresponds with the term of the mortgage to which they relate.

Deferred income represents interest pre-paid by mortgage borrowers for future periods that have not been earned by the Company. The deferred income will be recorded as interest income in the time period it relates to.

(e) Income taxes

The Company is a mortgage investment corporation as of December 31, 2023 pursuant to the Section 130.1 of the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a mortgage investment corporation and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or deferred income taxes is required.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. MORTGAGES RECEIVABLE

(a) Mortgages Receivable:

All mortgages invested by the Company are on residential real properties, there were total of 13 residential mortgages with a carrying amount of \$726,908 for the year ended December 31, 2023 (2022 - 7 mortgages of \$537,000). All mortgages are stated at amortized cost. Their carrying value closely approximates fair market value.

The properties securing the mortgages are all located in Ontario, mainly in the Greater Toronto Area; The mortgages bear interest at fixed rate ranging from 8.99% - 14.99% per annum and 100% of total mortgages mature within 12 months from December 31, 2023.

The following table outlines the priorities and contractual maturities of mortgages invested by the Company as of December 31, 2023:

	Number	Within 6 months	Between 6 and 12 months	Over 12 months	Total 2023
Second mortgages	14	\$ 236,500	\$ 490,408	\$ -	\$ 726,908
Total	14	\$ 236,500	\$ 490,408	\$ -	\$ 726,908

The following table outlines the priorities and contractual maturities of mortgages invested by the Company as of December 31, 2022, There are no mortgages which mature over 12 months.

	Number	Within 6 months	Between 6 and 12 months	Over 12 months	Total 2022
Second mortgages	4	\$ 392,000	\$ 145,000	\$ -	\$ 537,000
Total	4	\$ 392,000	\$ 145,000	\$ -	\$ 537,000

All mortgages are conventional, uninsured mortgages which contain a prepayment option. They are assessed on their loan to value, which is calculated by dividing the sum of all mortgages by the appraised value of the property. All mortgages have a loan to value ratio not exceeding 80%, and the average loan to value ratio of all mortgages is 60.2%.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. MORTGAGES RECEIVABLE - continued

(b) Default mortgages:

A mortgage is considered in default when a payment has not been received by the contractual due date, or a term in the mortgage agreement has been breached. Mortgages that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest. There was no default mortgage for the year ended December 31, 2023.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are the following:

	<u>2023</u>	<u>2022</u>
Accounts payable and accrued liabilities	\$ 1,060	\$ 8,802
Professional fees payable	<u>12,605</u>	<u>-</u>
	<u>\$ 13,665</u>	<u>\$ 8,802</u>

7. DUE TO RELATED PARTY

Due to related party balance consists of the following:

	<u>2023</u>	<u>2022</u>
Due to Lendmax Inc.	\$ 10,218	\$ -
Due to Rateshop Inc.	<u>7,150</u>	<u>-</u>
	<u>\$ 17,368</u>	<u>\$ -</u>

Lendmax Inc. is the manager of the Company and provides administrative and fund management services. Rateshop Inc. is a related party under common control. These amounts are unsecured and non-interest bearing with no specific terms of repayment.

(a) Management fees:

During the year, a management fee in the amount of \$14,073 was paid to Lendmax Inc. (2022 - \$16,960).

All transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed by both parties.

8. DUE TO SHAREHOLDER

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

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

9. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A, Class B, and Class R shares. As at December 31, 2023, there were 4 outstanding Class A shares with a cost of \$4 and 693,963 of Class B shares with a cost of \$693,963. 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.

The Company has an optional dividend reinvestment plan (DRIP) for Class B shareholders, whereby participants may reinvest cash dividends in additional Class B shares of the Company. During the year ended December 31, 2023, 120,781 Class B shares were issued under the Company's DRIP (2022 - Nil).

The following shares were issued, redeemed, and outstanding as at December 31, 2023:

	Class A shares	Class B shares	Total number of shares	Total
Balance, beginning of year	4	779,964	779,968	\$ 779,968
New shares issued during the year	-	217,342	217,342	217,342
Shared redeemed	-	(303,344)	(303,344)	(303,344)
Balance, end of year	4	693,962	693,966	\$ 693,966

The following shares were issued, redeemed, and outstanding as at December 31, 2022:

	Class A shares	Class B shares	Total number of shares	Total
Balance, beginning of year	4	779,964	779,968	\$ 779,968
New shares issued during the year	-	-	-	-
Shared redeemed	-	-	-	-
Balance, end of year	4	779,964	779,968	\$ 779,968

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

10. MANAGEMENT FEES

The Manager is responsible for the day-to-day operations, including administration of the Company's mortgage portfolio. Pursuant to the Management Agreement dated January 17th, 2023, the Manager is entitled to a fee of 2% per annum of the gross assets of the Company that are invested in mortgages (the management fee), plus applicable taxes, calculated and paid annually.

During the year ending December 31, 2023, there was a management fee of \$14,073.

11. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets comprise mortgages receivable and are classified and measured at amortized cost. Financial liabilities comprise accounts payable and accrued liabilities, dividends payable, and advances from related parties, all measured at amortized cost.

Fair value

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, inputs other than quoted prices that are observable for the assets or liabilities, or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

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

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

11. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES - continued

Financial risk management

(a) *Credit risk*

The Company does have credit risk in its mortgages as disclosed above. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Company's investments. There have been significant increases in real estate values in various sectors of the Canadian market over the past few years, and the trending correction or revaluation of real estate in such sectors will result in a reduction in values of the real estate securing mortgage loans that comprise the Company's investment portfolio. This could result in impairments in the mortgage loans or loan losses in the event the real estate security has to be realized upon by the lender. The Company's maximum exposure to credit risk is represented by the fair value of interest receivable and the mortgage investment portfolio.

The Company reduces its exposure to credit risk by obtaining a full underwriting report from the mortgage administrator. This report consists of a credit assessment of the mortgage investment and the security provided, along with a full appraisal report prepared by a qualified appraiser, a Phase 1 environmental report (where deemed appropriate) and an evaluation of the prospective borrower and the proposed real estate collateral.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations when due. The primary sources of liquidity risk are the requirements to fund commitments for new mortgages, advances on existing mortgages, as well as obligations under the Company's credit facility. The Company's liquidity risk is managed on an ongoing basis in accordance with the policies and procedures in place that reduce the risk to an acceptable level. Policies and procedures include continual monitoring of expected cash flows, reviewing credit requirements with the Manager.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

11. **FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES** - continued

(c) *Market risk*

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates, and equity prices - will affect income or the value of holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(i) Interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Company's interest-bearing financial instruments, the company policy is to transact in financial instruments that mature in the short term, i.e., no longer than 12 months and the mortgage investment agreements for all mortgages held by the Company stipulate an interest rate floor for the respective mortgage. Accordingly, the Company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Other price risk

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

12. **CAPITAL MANAGEMENT**

The Company considers Class A and Class B shareholders' equity to be capital, which as at December 31, 2023 is \$693,966.

The Company's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient resources in order to be able to generate returns for its shareholders. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of additional share capital. The Company is not subject to externally imposed capital requirements.

The Company's investment guidelines, which can be varied at the discretion of the Board of Directors, incorporate various guidelines and investment operating policies. The Company's general guidelines include the following:

- Only investment the Corporation's funds in accordance with its investment objectives, strategies and restrictions, all in compliance with requirement of income tax act;
- Up to 100% of the Company's invested capital is to be invested in First Mortgages and Second Mortgages.

LENDMAX CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

12. CAPITAL MANAGEMENT - continued

All of the Company's operations and investments are denominated in Canadian dollars, resulting in no direct foreign exchange risk.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and adjusted to conform with the financial statements presentation adopted in the current year.

ITEM 13 DATE & CERTIFICATE

DATED: March 31, 2024

This Offering Memorandum does not contain a misrepresentation.



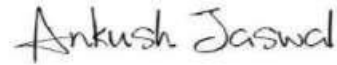
Michele Squeo, CEO and Director



Kelly McBride, Director



Michelle Donaubauer, Director



Ankush Jaswal, Director

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