THIS OFFERING MEMORANDUM IS CONFIDENTIAL. BY THEIR ACCEPTANCE HEREOF, PROSPECTIVE INVESTORS AGREE THAT THEY WILL NOT TRANSMIT, REPRODUCE OR MAKE AVAILABLE TO ANYONE THIS OFFERING MEMORANDUM OR ANY INFORMATION CONTAINED HEREIN.

FORM 45-106F4

Offering Memorandum for Non-Qualifying Issuers

Date	April 1, 2014	
The Issuer		
Name:	Pacifica Mortgage Investment Corporation (the "Issuer")	
Head office:	1050 - 475 West Georgia Street Vancouver, British Columbia V6B 4M9	
	Phone #:	(604) 899-3799
	E-mail address:	info@pacificamortgage.ca
	Fax #:	(604) 899-0337
Currently listed or quoted	No. These securities do not trade on any exchange or market.	
Reporting issuer	No.	
SEDAR filer	No.	
The Offering		
Securities offered:	Non-Voting Preferred Shares ("Preferred Shares").	
Price per security:	$1.00 per Preferred Share.	
Minimum/Maximum offering:	No Minimum Offering. Continuous offering. Maximum $50,000,000. Preferred Shares have been sold by prior offerings. See "Prior Offerings".	
Minimum subscription amount:	The minimum amount to be invested by each investor is $25,000.00	
Payment terms:	Bank draft or certified cheque on closing.	
Continuous offering. Closings may occur from time to time:	On or about April 1, 2014 (the "Initial Closing Date"). Subsequent Closings may occur from time to time as subscriptions are received.	
Tax consequences:	There are important tax consequences to these securities. See "Income Tax Considerations" under section 6.	
Selling agent:	None. See "Compensation paid to sellers and finder" under section 7.	

Resale restrictions

You will be restricted from selling your securities for an indefinite period, see section 10. However, Preferred Shares are redeemable by the holder on 18 months' written notice, or on an earlier basis, subject to liquidity. **SEE "SECURITIES OFFERED – TERMS OF SECURITIES – RETRACTION RIGHTS" under section 5.**

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' Statutory and Contractual Rights of Action", under section 11.

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

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SUMMARY OF OFFERING

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum.

OFFERING	50,000,000 Preferred non-voting shares (the "Preferred Shares") at $1.00 each.
ISSUER	PACIFICA MORTGAGE INVESTMENT CORPORATION is incorporated under the laws of British Columbia and intends to conduct its business so as to qualify as a "mortgage investment corporation" under the *Income Tax Act* (Canada).
MANAGER	Pacifica Joint Venture, a joint venture between Capital West Mortgage Inc. and BlueShore Financial (the operating name of North Shore Credit Union), has been retained as manager. The Manager is in the business of managing mortgage investments and mortgage brokerage companies. See "Business of the Issuer – Material Agreements".
ELIGIBLE INVESTORS	There is a minimum subscription of $25,000. Residents of Ontario who do not qualify as "accredited investors" will be required to make minimum subscriptions of $150,000. Residents of Alberta and certain other provinces will be required to meet certain financial qualifications. (See "Securities Offered – Statutory Exemptions Relied Upon By Issuer").
USE OF PROCEEDS	The proceeds to the Issuer from the sale of the Preferred Shares, assuming all Preferred Shares offered hereby are sold, will be $50,000,000 before deducting the expenses of the offering estimated to be $10,000 plus any commission payable. Such proceeds will be used to increase the Issuer's net book value which in turn will allow the Issuer to invest in mortgages pursuant to the Issuer's investment policies.
CLOSING	On or about April 14, 2014 (the "Initial Closing Date"). Subsequent Closings may occur from time to time as subscriptions are received.
DIVIDEND POLICY	For income tax purposes, the Issuer intends to distribute as dividends, substantially all of its net earnings. See "Income Tax Considerations". It is intended to distribute dividends quarterly where circumstances permit. (See "Securities Offered – Terms of Securities - Dividend Entitlement").
INCOME TAX CONSIDERATIONS	Dividends received by shareholders, other than capital gains dividends, will be treated as interest income to such shareholders for the purposes of the *Income Tax Act* (Canada). Dividends received by shareholders whose investments are made through trusts governed by registered retirement savings plans, deferred profit sharing plans and registered retirement income funds will be exempt from taxation in accordance with the provisions of the *Income Tax Act* (Canada) governing those plans. ("See "Income Tax Consequences and RRSP Eligibility").
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 pursuant to this Offering.
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".

1. USE OF AVAILABLE FUNDS

1.1 Net Proceeds

		No Minimum Offering	Assuming Maximum Offering
A.	Amount to be Raised by this Offering	$0.00	$50,000,000[(1)]
B.	Selling Commissions and Fees	0.00	Nil[(2)]
C.	Estimated Offering Costs (legal, accounting)	0.00	10,000
D.	Net Proceeds (D = A – (B+C)	0.00	49,990,000

(1) Maximum offering. There is no minimum offering.

(2) It is not expected that commissions will be payable. However, if a purchaser acquires securities offered hereby through a registered dealer, a commission at a rate to be negotiated between him and his dealer or dealers and the Issuer may be payable and the commission will be paid by the Issuer.

1.2 Use of Available Funds

The subscription proceeds will be invested in mortgages. Investments in mortgages will be made as set out in "Business of the Issuer". The Manager will use its best efforts to make suitable investments of the subscription proceeds in mortgages as soon as possible following each Closing.

1.3 Reallocation

The Issuer intends to spend the net proceeds as stated.

1.4 Working Capital Deficiency

There will be no working capital deficiency.

2. BUSINESS OF THE ISSUER

2.1 Structure

The Issuer was incorporated under the *Company Act* (British Columbia) (now the British Columbia *Business Corporations Act*) on July 19, 1994. The registered and records offices of the Issuer are located at Suite 2900 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J5. The business office of the Issuer is located at Suite 1050 - 475 West Georgia Street, Vancouver, British Columbia, V6B 4M9.

The Issuer does not have any subsidiaries or proposed subsidiaries.

The Issuer's Articles and investment policies require it to conduct its operations so as to qualify as a "mortgage investment corporation" as defined in section 130.1 of the *Income Tax Act* (Canada) (the "*Income Tax Act*"). The directors of the Issuer intend to refuse registration of an allotment or transfer of shares which would result in the Issuer ceasing to meet such qualifications.

The telephone number of the Manager is care of Capital West Mortgage Inc., at (604) 899-3799. The email address of the Manager is srubin@capitalwest.ca and shillman@capitalwest.ca. The facsimile number is (604) 899-0337.

2.2 Our Business

The Issuer's investment policies require it to conduct its operations so as to qualify as a "mortgage investment corporation" as defined in section 130.1 of the *Income Tax Act*.

As a mortgage investment corporation under the *Income Tax Act*, the Issuer is allowed deductions from income in respect of dividends it pays. 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.

The Issuer is registered under the *Mortgage Brokers Act* to carry on business as a mortgage investment corporation in the Province of British Columbia and has been so registered since June 1996. The Issuer may apply to register, where required, to carry on business as a mortgage investment corporation in other provinces of Canada, when business conditions justify the geographic expansion.

It is the intention of the Issuer to invest in a portfolio of residential, commercial, construction and other mortgages in British Columbia and Alberta. The Issuer may fund its investments through equity financings or, the Issuer may employ leverage, as permitted by applicable legislation by issuing debt obligations up to a maximum of five times the net book value of its assets. The Issuer intends to borrow to the extent that the Directors are satisfied that such borrowing and additional investments will increase the overall profitability of the Issuer.

2.3 Development of Business

The following table reflects the annual growth rate of the mortgage portfolio of the Issuer since inception as at each fiscal year end which is November 30th.

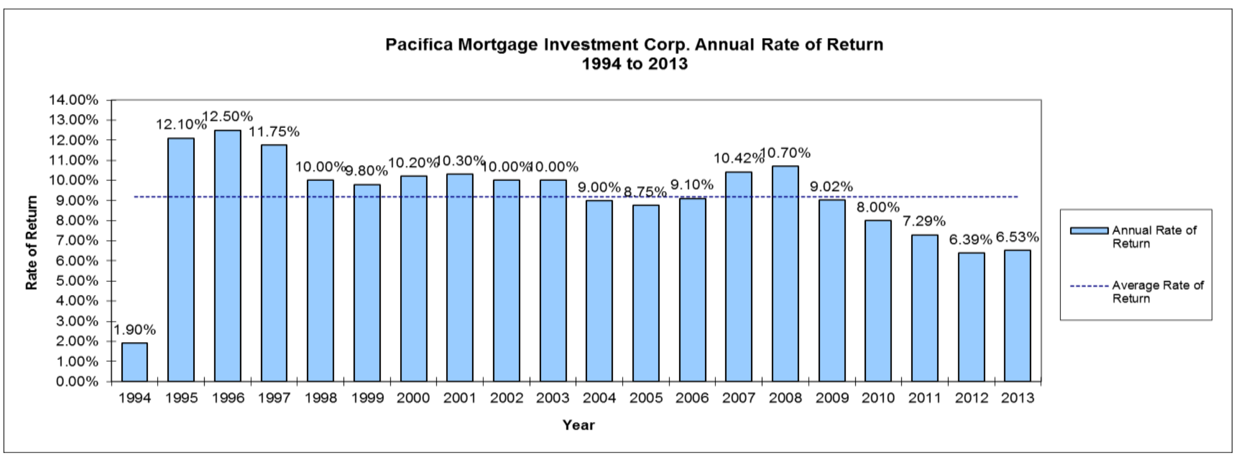
Year	Mortgage Portfolio Balance	% Increase over Previous Year
1994	$183,750	-
1995	$466,800	154.04
1996	$793,000	69.88
1997	$1,191,500	50.25
1998	$1,453,250	21.97
1999	$1,393,167	-4.13
2000	$1,892,105	35.81
2001	$1,992,816	5.32
2002	$3,582,400	79.77
2003	$4,849,185	35.36

Year	Mortgage Portfolio Balance	% Increase Over Previous Year
2004	$7,014,750	44.66
2005	$9,838,617	40.26
2006	$12,407,817	26.11
2007	$19,080,721	53.78
2008	$18,226,410	-4.48
2009	$18,559,324	1.83
2010	$20,492,384	10.42
2011	$44,702,996	118.14
2012	$54,636,640	22.22
2013	$61,907,697	13.31

The following table is a comparative analysis of the portfolio as at November 30th of each year.

	2012			2013		
Description	**# Of Loans**	**Value**	**As a %**	**# Of Loans**	**Value**	**As a %**
Total Portfolio	135	$54,636,640		132	$61,907,697	
Loans on commercial properties	5	$2,138,750	3.91	3	$1,777,699	2.87
Loans on land only	4	$1,370,726	2.51	2	$503,632	.81
Single Family Residential	126	$51,127,164	93.58	127	$59,626,366	96.32
First Mortgage	66	$37,913,089	69.39	69	$39,065,767	63.10
Second Mortgage	68	$16,223,551	29.69	62	$22,341,930	36.09
Third Mortgage	1	$500,000	0.92	1	$500,000	0.81
Loan/value ratio 75% or less	132	$53,176,770	97.33	130	$61,206,543	98.87
Loan/value ratio > 75% but < 85%	3	$1,459,870	2.67	2	$701,154	1.13
Loan/value ratio > 85% but < 95%	Nil	$0	0.00	Nil	$0	0.00
Average Loan Size		$404,716			$468,998	

The below graph reflects the annual rate of return of the Issuer since inception as at each fiscal year end which is November 30th. Past performance is not indicative of future returns.



Pursuant to the Joint Venture Agreement (see "Material Agreements"), the Issuer purchased a portfolio of mortgages from North Shore Credit Union, which now operates under the name "BlueShore Financial" (the "NTL Portfolio") for the sum of approximately $25,000,000 effective April 1, 2011. During the years 2012 and 2013, the Issuer's mortgage portfolio balance was $54,636,640 and $61,907,697 respectively, representing an increase over the previous year of 22.22%, and 13.31% respectively. As at November 30, 2012 and November 30, 2013, the mortgage portfolio consisted of 135 loans and 132 loans, respectively.

Utilizing the services of the Manager, the Issuer intends to develop its mortgage portfolio through the following activities:

a) **Agency Origination -** The Manager may utilize qualified market intermediaries to assist in identifying mortgage investment opportunities consistent with the Issuer's investment policies. These intermediaries will be experienced mortgage lenders who have demonstrated their ability to supply mortgage loans within the parameters of the Issuer's lending criteria; and

b) **Direct Origination -** The Manager may provide direct origination facilities in Vancouver in order to supply the Issuer with mortgage investment opportunities. Using these facilities, the Manager will originate mortgages through direct negotiations with mortgage borrowers such as home purchasers, homeowners, homebuilders, and industrial and commercial owners and developers.

2.4 Long Term Objectives

The long term objectives of the Issuer are to grow the mortgage portfolio at a steady pace, further diversifying the risk to the preferred shareholders while continuing to maintain a yield substantially higher than an investor could achieve from traditional bank sources.

2.5 Short Term Objectives and How We Intend to Achieve Them

The short term objectives of the Issuer are to maintain a yield that out-paces traditional bank sources without substantial risk to investor's principal.

2.6 Insufficient Proceeds

This section does not apply.

2.7 Material Agreements

Capital West Mortgage Inc. ("CWMI") and North Shore Credit Union (which now operates as "BlueShore Financial") entered into an agreement dated for reference March 4, 2011 (the "Joint Venture Agreement"), whereby a joint venture was created to manage the mortgage investments of the Issuer (the "Pacifica Joint Venture") with respect to the purchase of the NTL Portfolio from BlueShore Financial for the sum of approximately $25,000,000. See "Our Business". The Pacifica Joint Venture became effective April 1, 2011. The Joint Venture Agreement contains the following principal terms:

a) A management committee consisting of three representatives of each of BlueShore Financial and CWMI (the "Management Committee") will direct the management of the mortgage investments of the Issuer.

b) The Management Committee will have the power to appoint the individuals who are responsible for the day-to-day management of the Issuer (the "Management Team"), which will initially consist of Sid Rubin and Shannon Hillman of CWMI and Steve Canning of BlueShore Financial.

c) A new management agreement will be entered into between Pacifica Joint Venture and the Issuer. See "Management Agreement".

d) Two nominees of BlueShore Financial will be appointed to the board of directors of the Issuer.

e) The investment policies of the Issuer will remain substantially the same as existed prior to the creation of the Pacifica Joint Venture. See "Investment Policies".

f) BlueShore Financial will not compete directly with the Issuer for new business and will direct, on a best efforts basis, new mortgage applications to the Issuer which BlueShore Financial believes fit the Issuer's loan criteria, which in general is as follows:

    i) Geographical Area – Greater Vancouver and major metropolitan areas of Alberta and British Columbia;

ii) Loan to Value – not to exceed 75%;

iii) Interest Rates – Prime Rate + 4.0%;

iv) Fees – 1-2%;

v) first and second mortgages only;

vi) Property Types - primarily residential single family, but also commercial loans to a maximum of 25% of the mortgage portfolio.

In February 2014, the Issuer entered into a demand operating facility agreement to a maximum of $35,000,000, which replaces the existing demand operating facility agreement in place at year end. The facility is repayable on demand, bears interest at the lender's prime rate of interest plus 1.00% per annum or banker's acceptance plus 235 basis points with varying maturity options and is collateralized by a first charge on all the borrower's assets and undertakings.

The Issuer may borrow up to a maximum of $ 35,000,000 subject to certain terms and conditions.

As a result of entering into the agreement, the Issuer's lenders have imposed certain capital requirements, which requires the Issuer to:

- maintain a debt to tangible net worth of not greater than 0.75:1.00; and
- maintain an interest coverage of not less than 300%.

As at April 1, 2014, $20,520,000 was drawn down under the facility. The Issuer amortizes financing costs associated with the revolving debt facility over the expected term of the facility, being five years. As at November 30, 2013, the Issuer was in compliance with all required financial covenants under the revolving debt facility.

Other than demand operating facility agreement and the Joint Venture Agreement, the only other material agreement entered into or to be entered into by the Issuer, other than in the ordinary course of business, is the Management Agreement between the Issuer and the Manager. (See "Directors, Management, Promoters and Principal Holders - Management Agreement" and "Expenses and Management Fees"). Copies of the above agreements may be inspected at the business office of the Issuer located at Suite 1050 - 475 West Georgia Street, Vancouver, British Columbia, V6B 4M9, during normal business hours, during the period of distribution of the securities offered hereunder.

2.8 Investment Policies

The Issuer's investment policies are consistent with the Issuer's Memorandum and the legislation governing the Issuer. The following policies have been approved by the Board of Directors:

a) 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 commercial and industrial property, including properties under construction.

b) 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.

c) Every attempt will be made to stagger the maturities of the investments held by the Issuer in order to produce an orderly turnover of assets and liabilities.

d) No single investment or related group of investments involving one property or development, or involving several properties or developments owned by one borrower and its affiliates, shall exceed 10% of the book value of the assets of the Issuer at funding, unless firm takeout commitments are in place, but this restriction will not apply to obligations of Canadian municipal, provincial and federal governments and government agencies.

e) Temporary surplus cash funds not invested in mortgages will be invested in short term deposits, savings accounts or government guaranteed income certificates.

f) Mortgage investments will be made as either term mortgages or interim construction mortgages and will generally not exceed 75% of the appraised value at the subject property at the date of advance.

g) The management team will have the authority to approve mortgage loans to a limit of $500,000.

h) All mortgage loans in amounts of more than $500,000 and up to $1,000,000 will require the approval of the majority of the members of the Loan Management Committee, which will consist of three nominees of each of the Manager and BlueShore Financial.

i) All mortgage loans in excess of $1,000,000 will require the approval set out in (h) above as well as the approval of the board of directors of the Issuer.

j) The Issuer requires a current appraisal with every mortgage application unless otherwise directed by the Directors of the Issuer, such appraisal to be prepared by a member of the Accredited Appraisal Canadian Institute or Canadian Residential Appraiser.

k) 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.

For *Income Tax Act* restrictions applicable to mortgage investment corporations, see Section 8 – Income Tax Considerations.

3. DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Directors and Officers of the Issuer

The names, municipalities of residence, principal occupations for the last five years and shareholdings of the directors, officers and promoters of the Issuer and persons holding, directly or indirectly, more than 10% of any class of voting securities of the Issuer are as follows:

Name and Municipality of principal residence	Position held and date of obtaining position	Compensation paid by issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities the issuer held after completion of the min. offering[1]	Number, type and percentage of securities of the issuer held after completion of max. Offering[1]
Sidney Rubin Richmond, B.C.	President	Nil	50 Common Shares 242,471.53 Preferred shares	50 Common Shares 242,471.53 Preferred shares
Shannon Hillman Richmond, B.C.	Director	Nil	50 Common Shares	50 Common Shares
Daymon Eng Vancouver, B.C	Director	Nil	50 Common Shares	50 Common Shares 295,841.40 Preferred shares
Jerry Szakun Delta, B.C.	Director	Nil	396,270.22 Preferred shares	396,270.22 Preferred shares
Alan Frydenlund Coquitlam, B.C.	Director	Nil	298,436.02 Preferred shares	298,436.02 Preferred shares
John R. Nation Vancouver, B.C.	Director	Nil	220,471.37 Preferred shares	220,471.37 Preferred shares
William H. Keen North Vancouver, B.C.	Director	Nil	Nil	Nil
Christopher E. Catliff West Vancouver, B.C.	Director	Nil	Nil	Nil
Capital West Mortgage Inc.	Promoter	Nil	Nil	Nil
BlueShore Financial	Promoter	Nil	Nil	Nil

(1) Includes shareholding of spouses.

3.2 Management Experience

Sidney Rubin – Managing Director

Sidney has spent more than two decades working in the real estate financing field. A founding partner of CWMI and the Issuer, he specializes in first and second privately funded mortgages. Previously, Sidney worked for a large national trust company as an Account Manager, Commercial Lending. Sidney has been the Managing Director of the Issuer since inception in 1994. Sidney has a Bachelor of Commerce from the University of British Columbia. Sidney is active in the community, involved in numerous charitable causes as well as minor hockey in Richmond.

Shannon Hillman – Managing Director

Shannon has over twenty years of real estate finance experience in residential, private and commercial mortgage fields. She is a founding partner of CWMI, specializing in investor portfolio management, private mortgages and commercial brokerage. Shannon has been a director of the Issuer for ten years, and became one of the managing directors three years ago.

Daymon Eng – Director

Daymon has been in the mortgage industry since 1991, specializing in mortgage brokerage of commercial and residential properties, arranging construction and term loans for all property types. Daymon is a founding partner of CWMI and specializes in commercial mortgage brokerage, joint ventures, equity syndications and origination of large private loans. Daymon became a Director of the Issuer in 2008. He holds his Bachelor of Commerce Degree in Finance from the University of British Columbia.

Jerry Szakun – Director

Jerry has been a Director of the Issuer since inception in 1994 and brings over 25 years of experience in residential mortgage brokerage and private mortgage lending. He was on the Advisory Committee of Edelweiss Credit Union from 1993 – 1995 and Vice President of the Polish Credit Union from 1986 – 1993. Jerry has a Bachelor of Business Administration from Simon Fraser University and is currently a Licensed Mortgage Broker with Ambro and Associates Ltd.

Alan Frydenlund - Director

Alan is a member of Owen Bird Law Corporation and has been a Director of the Issuer since inception in 1994. Alan is a real estate lawyer with over 25 years of experience. Alan practises in mortgage security and realization work. Alan graduated from the University of Victoria Law School and was called to the B.C. Bar in 1983 and the Yukon Bar in 1992.

John Nation - Director

John has over 25 years of experience in the mortgage industry and has held management positions at several Canadian trust companies and a national bank. He has acquired substantial experience in both the underwriting and the administration of residential and commercial properties, including project development financing. He is currently employed by Peoples Trust Company as Assistant Vice President, Mortgage Administration. John has been a Director of the Issuer since 1998.

Christopher Catliff – Director

Chris Catliff has been President & CEO of BlueShore Financial since 2000. The BlueShore Financial currently has 300 staff and $2.4 billion in assets under administration including $1.6 billion in mortgages.

Prior to joining BlueShore Financial, Chris was Senior VP Credit & Technology of Citizens Bank of Canada, and Senior VP and General Manager of Citizens Trust Company for five years. Prior to that, he was President of Vancity Enterprises, the real estate subsidiary of Vancity Credit Union.

Chris has been Chair of the mortgage brokerage company, United Mortgage Group, since its inception in 2002. He has been both Chair of The CUMIS Group, and Canadian Northern Shield (two Canadian insurance companies). He has been Chair of Credential Financial, the wealth management provider to the credit union system, and remains on the board of directors. He has also served on several community and non-profit boards.

Chris earned both a B.A. and M.A. at the University of British Columbia.

Bill Keen – Director

Bill is VP Finance & CFO of BlueShore Financial, a position he has held for the past 6 years. He is also responsible for all Group lending activities, including commercial real estate lending, Broker mortgages, leasing and North Shore Capital. He has over 25 years of financial management experience, at the executive level, in South Africa and Canada. Prior to joining BlueShore Financial, he held senior executive positions as Executive VP and COO at Northstar Trade Finance (export finance), Corporate

Finance Partner at Goepel Shields & Partners (Investment bank) and Senior VP Finance & CFO at Surrey Metro Savings Credit Union (predecessor of Coast Capital Savings).

Bill obtained his Fellow of the Institute of Chartered Accountants in England and Wales and his MBA from the University of The Witwatersrand in South Africa.

3.3 Penalties, Sanctions and Bankruptcy

None of the Directors have suffered any regulatory penalties or sanctions or made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, proceedings, arrangements 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.

3.4 Principal Holders of Securities of the Issuer

As of the date of this Offering Memorandum, the directors and officers of the Issuer, as a group, own 150 Common Shares representing 75% of the issued and outstanding Common Shares of the Issuer. Michael Chiu owns 50 Common Shares of the Issuer.

As of the date of this Offering Memorandum, 47,015,009.11 Preferred Shares have been issued as fully paid and non-assessable, of which the directors and officers, including their spouses, hold as a group 1,507,087.60 Preferred Shares. It is intended that other persons may be added to the group of officers and directors from time to time depending upon their expertise or financial involvement in the Issuer.

None of the Directors and Officers of the Issuer is indebted or has been indebted to the Issuer as at the date of this Offering Memorandum.

The Issuer has granted an indemnity to each of the Directors for any claims made against him or her as a director of the Issuer, provided that such claims are not the result of negligence or wilful misconduct on the part of the Director.

3.5 Directors, Officers and Principal Shareholders of the Manager

The Issuer has retained the Manager to advise the Issuer and to manage its operations in accordance with the Issuer's articles and investment policies. See "Material Agreements" and "Management Agreement". The Manager is a joint venture of CWMI and BlueShore Financial.

CWMI was incorporated under the *Company Act* (British Columbia) (now the British Columbia Business Corporations Act) on February 17, 1996 and is wholly owned by Sidney Rubin, Shannon Hillman, Daymon Eng and Michael Chiu. The principal office of the Manager is Suite 1050 – 475 West Georgia Street, Vancouver, British Columbia V6B 4M9.

The directors and officers of CWMI are as follows:

Name and Municipality	**Relationship to** CWMI	**Occupation**
Sidney Rubin Richmond, B.C.	President Director	Mortgage Broker
Shannon Hillman Richmond, B.C.	Director	Mortgage Broker
Daymon Eng Vancouver, B.C.	Director	Mortgage Broker
Michael Chiu Vancouver, B.C.	Director	Mortgage Broker

NSCU (now operating as BlueShore Financial) was incorporated in 1941 under the British Columbia Credit Union Incorporation Act. The operation of BlueShore Financial is regulated under the British Columbia Financial Institutions Act. BlueShore Financial provides financial services to members located principally in the Lower Mainland and the Sea to Sky corridor of British Columbia. The principal office of BlueShore Financial is located at 1112 Lonsdale Avenue, 3rd Floor, North Vancouver, British Columbia, V7M 2H2.

The directors and officers of BlueShore Financial are as follows:

Name and Municipality	**Relationship to** BlueShore Financial	**Occupation**
Dave Davenport Whistler, B.C.	Chair of the Board	Business Owner
Allan Achtemichuk North Vancouver, B.C.	Director	Executive
Brian Atkins North Vancouver, B.C.	Director	Retired Partner KPMG
Bill Crawford West Vancouver, B.C.	Vice-Chair	Retired Bank Executive
Yuri Fulmer West Vancouver, B.C.	Director	Businessman/Entrepreneur
Peter Leitch North Vancouver, B.C.	Director	Executive
Donald H. Risk Vancouver, B.C.	Director	Retired Lawyer
Justin Webb West Vancouver, B.C.	Director	Executive
Victoria Withers West Vancouver, B.C.	Director	Business Owner/Retired Executive

3.6 Management Agreement

Pursuant to the agreement dated for reference March 15, 2014, between the Issuer and the Manager (the "Management Agreement"), the Manager is the sole and exclusive manager of the Issuer's mortgage portfolio, and will provide the following services:

1. evaluating mortgage loan applications and determining the risk involved with a particular mortgage loan;
2. screening prospective borrowers;
3. originating and administering mortgages and security interests in real property;
4. establishing suitable mortgage loan terms and conditions;
5. quantifying the risks involved and setting appropriate rates and terms for the mortgages;
6. providing financial services for the operation of the Issuer, including originating and administering general security agreements and other forms of security of the Issuer; and
7. providing and administering services required by the Issuer in carrying on the business of a mortgage investment company, specifically with respect to the issuance and renewal of mortgages.

The Management Agreement has a term of 3 years, but will be automatically renewed for successive two year periods until either party gives notice to terminate on sixty (60) days' written notice.

Pursuant to the Management Agreement, the Manager must carry out its duties fairly, honestly and in the best interests of the Issuer and must exercise the degree of care, diligence and skill that a reasonably prudent lender would exercise in comparable circumstances. The Manager is not liable to the Issuer for any loss caused by the Manager in carrying out its duties under the Management Agreement unless the loss resulted from the negligence, wilful misconduct or omission of the Manager, its officers, employees or agents in the performance of its duties. Furthermore, the Issuer has agreed to indemnify and save the Manager harmless in the event that the Manager suffer a loss of any nature whatsoever in connection with the performance of its duties under the Management Agreement, except where such loss resulted from the negligence, wilful misconduct or omission of the Manager or its officers, employees or agents.

In addition to the circumstances described above, the Management Agreement may be terminated by either party if:

1. proceedings in insolvency, bankruptcy, receivership or liquidation are taken against the other party; or
2. the other party commits a material breach or default under the Management Agreement and the same is not cured within (ten) 10 days of receiving notice thereof.

The Management Agreement may also be terminated by mutual consent in writing of the Issuer and the Manager.

3.7 Expenses and Management Fees

The Management Agreement provides that in consideration of the services provided by the Manager as described above, the Issuer has agreed to pay the Manager an annual fee equal to 2% of the yearly outstanding balance of the mortgage assets under management and 25% of all fee income (as defined in the Management Agreement) (the "Management Fee"). Fee income represents the Managers' charge to borrowers with respect to analyzing, underwriting and commitment to fund a mortgage loan. The

Management Fee is paid monthly on or before the 1st day of each month on the basis of the operations of the Issuer during the previous month subject to the adjustment as a result of a dispute by the Issuer. In addition, the Issuer pays out of pocket costs of the Manager as set out in the Management Agreement.

The Manager will bear the cost of administration of the mortgages in the Issuer's asset portfolio and other expenses as provided for in the Management Agreement. The Manager and the Issuer may by mutual agreement reduce the amount payable to the Manager on account of services provided to the Issuer.

Management services provided to the Issuer and expenses incurred by or on behalf of the Issuer in connection with all matters, other than management services in connection with the Issuer's daily operations will be for the account of the Issuer.

The expenses to be paid directly by the Issuer include fees and expenses of its directors and officers, the cost of acquisition of mortgages, appraisal fees, foreclosure costs, any commission or brokerage fees on the purchase and sale of the portfolio securities, taxes of all kinds to which the Issuer is subject, the interest expenses, auditors' fees, legal fees, fees payable in respect of the issuance and administration of the Issuer's debentures, transfer agent fees, the cost of submitting financial reports and providing other information to shareholders and regulators, messenger service, photocopying, land title search, credit bureau reports, printing costs, survey certificates, postage, long distance telephone charges, accounting fees, real estate commissions, advertisements, promotions and insurance premiums. All expenses to be paid by the Issuer will be approved by the Directors of the Issuer.

4. CAPITAL STRUCTURE

4.1 Share Capital

The Issuer has been incorporated under the laws of the Province of British Columbia. Each registered Shareholder has the right to inspect a copy of the Issuer's Notice of Articles, Articles, minutes of shareholder meetings and the shareholder and director registers during regular business hours at the office of the Issuer and to obtain a copy thereof on request.

The following table sets out the authorized and issued share capital of the Issuer:

Description of Security	Number Authorized to be Issued	Number outstanding as at April 1, 2014	Number outstanding after min. offering (1)	Number Outstanding after Maximum Offering
Common Shares	1,000,000	200	200	200
Preferred Shares	100,000,000	47,015,009.11	N/A	100,000,000

(1) There is no minimum offering.

4.2 Long Term Debt

The Issuer has no long term debt.

4.3 Prior Sales

During the fiscal year ended November 30, 2013, 6,707,189 Preferred Shares were sold or issued via dividends at a price of $1.00 per Preferred Share, for a total consideration of $6,707,189.00. For the fiscal year ended November 30, 2013 there were 3,941,352 Preferred Shares redeemed, for a total consideration of $3,941,352.00. During the fiscal year ended November 30, 2012, 9,313,174 Preferred Shares were sold or issued via dividends at a price of $1.00 per Preferred Share, for a total consideration of $9,313,174.00 For the fiscal year ended November 30, 2012 there were 2,947,058 Preferred Shares redeemed, for a total consideration of $2,947,058.

SECURITIES OFFERED

4.2 Terms of Securities

Voting Rights

The holders of the Common Shares are entitled at all meetings of shareholders of the Issuer to one vote in respect of each Common Share held.

The holders of Preferred Shares are not entitled to receive notice of, attend or vote at any meetings of the shareholders of the Issuer.

Conversion Rights

No shares of the Issuer have conversion rights.

Rights of redemption

The Issuer may, upon giving notice as provided in the Articles of the Issuer, redeem at any time or from time to time the whole or any part of any class of shares pursuant to the British Columbia *Business Corporations Act* in such proportions of the classes of shares of the Issuer as the Directors may specify, on payment for each share to be redeemed of the redemption price (herein called the “Redemption Price”). The Redemption Price for each Common Share and for each Preferred Share shall be the amount paid up thereon plus any declared but unpaid dividends.

In any case of redemption of shares, the Issuer shall, at least (thirty) 30 days before the date specified for redemption, which shall only be in the first month of any quarter of the Issuer’s fiscal year, mail to each person, who at the date of mailing is a registered holder of shares to be redeemed, a notice in writing of the intention of the Issuer to redeem such shares. Such notice shall be mailed by letter postage prepaid, mailed to each shareholder at his or her address as it appears on the books of the Issuer or if the address of any such shareholder does not so appear then to the last known address of such shareholder, provided however, that accidental failure or omission to give any such notice to one or more of such shareholders shall not affect the validity of such redemption as to the other holders. Such notice shall set out the Redemption Price and date on which redemption is to take place and, if part only of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the date so specified for redemption, the Issuer shall pay or cause to be paid to or at the order of the registered holders of the shares to be redeemed, the Redemption Price thereof on presentation and surrender at the Head Office of the Issuer, or any other place designated in such notice of the certificate for the shares called for redemption, and the certificates for such shares shall thereupon be and be deemed to be redeemed. If part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Issuer. From and after the date specified in any such notice, the shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Issuer shall have the right at any time after the mailing of notice of its intention to redeem any shares to deposit the Redemption Price of the shares so called for redemption or of such of the shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest or to the order of the respective holders of such shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and on such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on such deposit shall belong to the Issuer.

Retraction Rights

Part 28 of the Issuer's Articles provides the holders of Preferred shares with the right to require the Issuer to redeem all or any portion of their fully paid Preferred shares upon providing the Issuer with eighteen (18) months' written notice in advance. However, the obligation of the Issuer to redeem Preferred Shares is subject to the qualification that the Issuer is not required to redeem Preferred Shares if such redemption would cause the Issuer to cease being qualified as a mortgage investment corporation pursuant to the provisions of the *Income Tax Act* (Canada) and regulations thereunder.

Dividend Entitlement

For income tax purposes, the Issuer intends to distribute as dividends, substantially all of its net earnings. Declaration of dividends in each fiscal year shall only be in accordance with the following. Firstly, in any fiscal year, no dividend shall be declared on the Common Shares unless and until dividends have been declared on the Preferred Shares as hereinafter provided. The holders of the Preferred Shares shall be entitled to receive, when declared by the Issuer's directors, and the Issuer shall pay out of monies of the Issuer properly applicable to the payment of dividends, preferential dividends in such amounts per share as the directors of the Issuer shall in their absolute discretion deem appropriate. After such Preferred dividends shall have been declared as aforesaid, the holders of the Common Shares shall be entitled to receive an equivalent dividend per paid up Common Share, prior to the payment of any further dividends on the Preferred Shares in said fiscal year. After the declaration of such Common Share dividend aforesaid, for the balance of the said fiscal year the Preferred and Common Shares shall participate equally, on a per share basis, with respect to any further dividends declared. The Issuer intends to declare and distribute dividends quarterly when circumstances permit. For further information, see "Income Tax Considerations".

Entitlement on Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Issuer or other distribution of property or asset of the Issuer among its members for the purpose of winding up its affairs:

i) The holders of the Preferred Shares shall be entitled to receive rateably an amount equal to the aggregate amount paid up on the shares held by them. After the holders of the Preferred Shares have received the aggregate amount paid up on the shares held by them, the holders of the Common Shares shall be entitled to receive rateably an amount equal to the aggregate amount paid up on the shares held by them.

ii) After the Issuer has made the distributions contemplated by paragraph (i) above, the holders of the Preferred shares shall be entitled to receive a share of the remaining amount available for distribution together with the holders of the Common Shares. The aggregate amount distributable to all holders of such classes of shares shall be determined by multiplying the amount remaining to be distributed by a fraction, the numerator of which is the amount paid up on issued shares of the particular class and the denominator of which is the amount paid up on the issued shares of all classes prior to the distributions pursuant to paragraph (i) above.

iii) Any amount to be distributed to holders of any class of shares pursuant to paragraphs (i) and (ii) above shall be distributed pari passu among all holders of shares of each class.

Constraints on Transferability

Paragraph 130.1(6) (d) of the *Income Tax Act* stipulates that a mortgage investment corporation may not have fewer than 20 shareholders and no one shareholder may hold more than 25% of its issued shares.

The *Income Tax Act* states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder holds more than 25% of the issued shares. A trust governed by a registered retirement savings plan (“RRSP”) is counted as one shareholder for determining the number of shareholders and for determining if a shareholder holds more than 25% of the issued shares. A trust governed by an RRSP is counted as one shareholder. Subscribers are required to affirm their knowledge of these restrictions by execution of the subscription agreement attached to this Offering Memorandum as Schedule “B”.

The Directors of the Issuer intend to refuse registration of an allotment or any transfer of shares which would result in the Issuer ceasing to meet the qualifications of a “mortgage investment corporation”. See also “Resale Restrictions” for further restrictions on the transferability of the Issuer’s Preferred Shares.

4.3 Subscription Procedure

The Issuer hereby offers up to 50,000,000 Preferred Shares having a par value of $1.00 each at a price of $1.00 per Preferred Share (the “Offering”). Sales will be made through the directors, officers and employees of the Issuer and registered dealers.

A person wishing to subscribe for Preferred Shares must deliver the following documents to the Issuer at the address shown in the Subscription Agreement:

a) an executed Subscription Agreement, in the form attached as Schedule “B”; and

b) a certified cheque or bank draft made payable to the Issuer in the amount of the subscription price for the Preferred Shares or an irrevocable direction to a financial institution to deliver to the Issuer full payment for the Preferred Shares upon delivery of certificates representing such Preferred Shares to the financial institution or to the Investor.

Each Investor will also be required to sign two copies of a Risk Acknowledgment (Form 45-103F3), attached as Appendix A to the Subscription Agreement before signing the Subscription Agreement, in accordance with the requirements of National Instrument 45-106 of the Canadian Securities Administrators.

In accordance with the requirements of National Instrument 45-106, the Manager will hold the subscription monies advanced by each Investor in trust for the Investor until midnight on the second business day after the Subscription Agreement is signed by the Investor.

The minimum subscription per Investor is 25,000 shares for a minimum subscription price per Investor of $25,000.00.

This Offering is not subject to any minimum subscription level, and therefore any funds received from a purchaser are available to the Issuer and need not be refunded to the purchaser.

The Issuer prior to closing will receive subject to prior sale and subject to rejection or allotment, subscriptions in whole or in part. The Issuer is also not obligated to accept any subscription or to accept subscriptions in the order they are received by the Issuer. Subscriptions may be accepted by the Issuer, subject to the terms and conditions of the Subscription Agreement. The Issuer reserves the right to accept or reject subscriptions from any Investor. The Issuer also reserves the right to close the subscription books at any time, without notice.

Interest will not be payable to an Investor for monies received pursuant to the Offering prior to acceptance of his subscription. If a subscription is rejected, monies received by the Issuer will be returned forthwith to the Investor without interest or deduction.

Share certificates will be issued to subscribers within a reasonable time of such subscriptions being accepted by the Issuer.

4.4 Statutory Exemptions Relied Upon by Issuer

The Preferred Shares are being offered on a continuous basis pursuant to exemptions from the prospectus and, where applicable, registration requirements, of applicable securities legislation. The Preferred Shares are being offered to Investors resident in British Columbia who receive this Offering Memorandum. As set out in National Instrument 45-106, if an offering memorandum in the prescribed form is used, or if an Investor qualifies as an “accredited investor”, no minimum purchase is required. However, the Issuer requires a $25,000 minimum subscription from each investor. The Issuer may offer Preferred Shares to residents of provinces of Canada other than British Columbia. The offering of Preferred Shares hereunder to residents in provinces of Canada other than British Columbia will be made in compliance with the securities laws of those other provinces of Canada through registered securities dealers in such jurisdictions. Subscribers in such other jurisdictions will be requested by the Issuer to provide representations or complete forms other than those contained in or contemplated by the attached Subscription Agreement in order to ensure compliance with the applicable securities laws. The Issuer reserves the right to reject subscriptions from persons resident in jurisdictions outside British Columbia on the basis that it is impossible or impractical to comply with the securities laws of such jurisdictions.

5. INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

The following is a summary prepared by management of the principal income tax consequences under the laws of Canada of acquiring, holding and disposing of the Preferred Shares by an Eligible Investor.

The following discussion is not intended to constitute a complete analysis of all the income tax consequences and should not be interpreted as legal or tax advice to any particular Investor.

Each prospective Investor should obtain independent advice regarding the income tax consequences under federal and provincial tax legislation of investing in Preferred Shares. The summary does not take into account tax laws of each province or territory of Canada or of any jurisdiction outside Canada.

This summary is based upon the current provisions of the *Income Tax Act* and the Regulations thereunder and all proposed amendments to the *Income Tax Act* and the Regulations issued by the Department of Finance (Canada).

The Issuer

The following summary is based on the assumption that the Issuer meets certain conditions which are imposed by the *Income Tax Act* on the Issuer in order for the Issuer to qualify as a mortgage investment corporation ("MIC") thereunder.

For the purposes of subsection 130.1(6) of the *Income Tax Act,* a corporation is a "mortgage investment corporation" throughout a taxation year if, throughout the year,

a) it was a Canadian corporation;

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

c) none of the property of the corporation consisted of

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

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

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

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

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

  i) the portion of the definition "specified shareholder" in subsection 248(1) before paragraph were read as follows:

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

  ii) paragraph (a) of that definition were read as follows:

  "(a) a taxpayer is deemed to own each share of the capital stock of a corporation owned at that time by a person related to the taxpayer,"

  iii) that definition were read without reference to paragraph (d) of that definition, and

  iv) paragraph 251(2)(a) were read as follows:

"(a) an individual and

(i) the individual's child (as defined in subsection 70(10) who is under 18 years of age, or

(ii) the individual's spouse or common-law partner,"

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

f) the cost amount to the corporation of such of its property as consisted of

i) debts owing to the corporation that were secured, whether by mortgages, hypothecs or in any other manner, on houses (as defined in section 2 of the *National Housing Act*) or on property included within a housing project (as defined in that section), and

ii) amounts of any deposits standing to the corporation's credit in the records of

(A) a bank or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec, or

(B) a credit union,

plus the amount of any money of the corporation was at least 50% of the cost amount to it of all of its property;

g) the cost amount to the corporation of all real property of the corporation, including leasehold interests in such property, (except real property acquired by the corporation by foreclosure or otherwise after default made on a mortgage, hypothec or agreement of sale of real property) did not exceed 25% of the cost amount to it of all of its property;

h) its liabilities did not exceed (three) 3 times the amount by which the cost amount to it of all of its property exceeded its liabilities, where at any time in the year the cost amount to it of such of its property as consisted of property described in subparagraphs (f)(i) and (ii) plus the amount of any money of the corporation was less than 2/3 of the cost amount to it of all of its property; and

i) its liabilities did not exceed (five) 5 times the amount by which the cost amount to it of all its property exceeded liabilities, where paragraph (h) is not applicable.

If the Issuer qualifies as a MIC throughout a taxation year, the Issuer will generally be treated as a conduit for most income tax purposes. For all purposes of the *Income Tax Act*, a MIC is deemed to be a public corporation, subject to tax at the highest corporate rates, currently 38.00% in British Columbia. A MIC is not eligible for the refundable tax provisions under the *Income Tax Act*. A MIC is not entitled to deduct taxable dividends received from other Canadian corporations in computing its taxable income for a taxation year. However, a MIC is entitled to deduct the total amount of all taxable dividends which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the corporation in computing its income for the preceding year and half of all capital gains dividends paid by the corporation during the period commencing 91 days after the commencement of the year and ending within 90 days after the end of the year.

Shareholders

Dividends other than capital gains dividends (as defined in the *Income Tax Act*), paid by the Issuer on the Preferred Shares will be included in shareholders' incomes as interest. Capital gains dividends will be treated as realized capital gains of shareholders, and will be subject to the general rules relating to the taxation of capital gains. **THE NORMAL GROSS UP AND DIVIDEND TAX CREDIT RULES WILL NOT APPLY TO DIVIDENDS PAID BY THE ISSUER TO AN INDIVIDUAL ON A PREFERRED SHARE.**

A disposition or a deemed disposition of Preferred Shares will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Preferred Shares exceed (or are exceeded by) the adjusted cost base of the Preferred Shares and the disposition costs. An amount paid by the Issuer on the redemption or acquisition by it of the Preferred Shares up to the paid-up capital thereof will be treated as a return of capital. Any amount in excess of the paid-up capital of the Preferred Shares redeemed or acquired by the Issuer will be deemed to be received by the shareholder as interest, and any amount which is the payment of a declared but unpaid dividend, which is not a capital gains dividend, will be deemed to be received by the shareholder as interest.

One-half of any capital gain will be included in income of the shareholder that disposed of the preferred shares.

Eligibility for Investment by Deferred Income Plans ("Deferred Income Plans")

The Preferred Shares are qualified investments for trusts governed by registered retirement savings plans ("RRSP"), deferred profit sharing plans ("DPSP") and registered retirement income funds ("RRIF") at the particular time if the Issuer qualifies as a mortgage investment corporation under the *Income Tax Act*. Regulation 4900(1) of the *Income Tax Act* specifies investments that qualify for Deferred Income Plans that are a RRSP, DPSP, RRIF and RESP. Paragraph (c) of Regulation 4900(1) indicates that "a share of the capital stock of a mortgage investment corporation that 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 mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the plan trust or of any other person who does not deal at arm's length with that person", is prescribed as a qualified investment for a deferred income plan that is a RRSP, DPSP, RRIF and RESP at a particular time. Dividends received by Deferred Income Plans on Preferred Shares while the Preferred Shares are qualified investments for such plans will be exempt from taxation in accordance with the provisions of the *Income Tax Act* governing those plans.

In general, a RRSP or RRIF is subject to a special tax under Part XI of the *Income Tax Act* if the cost amount of its investment in foreign property (as defined in the *Income Tax Act*) at the end of a month exceeds 20% of the cost amount of all property then held by it. On the assumption that the Preferred Shares do not derive their value primarily from portfolio investments by the Issuer in foreign property, Preferred Shares held by such a Deferred Income Plan trust should not be subject to tax under Part XI of the *Income Tax Act*.

If the Issuer fails to qualify as a MIC at any time throughout a taxation year, the shares of the Issuer may cease to be a qualified investment for a RRSP or RRIF. When a RRSP or RRIF holds a non-qualified investment at the end of a month, the trust governed by the plan will be subject to Part XI.I tax of 1% of the fair market value of the investment at the time it was acquired. This monthly tax will continue to be eligible until such time as the trust disposes of the non-qualified investment.

If a RRSP or RRIF purchases shares of a corporation that are not a qualified investment the fair market value of the shares of the corporation at the time they are acquired will be included in the income of the annuitant of the Deferred Income Plan. The annuitant is permitted to deduct from income the lesser of the amount previously included in income and the proceeds of disposition from the shares, in the year the RRSP or RRIF disposes of the shares.

6. If an RRSP, RRIF, TFSA or RESP holds a non-qualified investment at any time during a particular year, the RRSP, RRIF, TFSA or RESP will be subject to a tax under Part I of the *Income Tax Act*. A change in the *Income Tax* Act in 2012 resulted in previously qualifying investments to be non-qualified investments for a shareholder, who is considered to be a "specified shareholder" of the MIC. A "specified shareholder" is defined as a taxpayer or a person related thereto who owns not less than 10% of any class of capital stock of the corporation or of any other corporation that is related to the corporation. The taxable income of the RRSP trust, RRIF trust, TFSA trust or RESP trust for the year will be its income from non-qualified investments and capital gains (net of capital losses) realized on disposition of non- qualified investments. Income from a share which is a non-qualified investment will also include dividends in respect of which an election is made to pay such dividends from a corporation's capital dividend account (such dividends are not normally included in a recipient's income). **Potential investors should obtain independent professional advice regarding the income tax consequences to them of investing in Preferred Shares of the Issuer. Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional adviser to obtain advice on the RRSP eligibility of these securities.**

7. COMPENSATION PAID TO SELLERS AND FINDERS

It is not expected that commissions will be payable. However, if a purchaser acquires securities offered hereby through a registered dealer, a commission at a rate to be negotiated between him and his dealer or dealers and the Issuer may be payable and the commission will be paid by the Issuer.

8. RISK FACTORS

8.1 Risk Factors

Investors in the securities offered in this Offering should carefully consider the following risks relating to the Issuer:

a) **As no market for these securities exists or will exist after this Offering, it may be difficult or even impossible for the purchaser to sell them. Prospective Investors should consult with their legal advisors in order to obtain further particulars on the restrictions on the resale of Preferred Shares purchased pursuant to this Offering Memorandum.** These securities are however, retractable at the option of the holder under certain circumstances. See "Securities Offered – Terms of Securities – Retraction Rights."

b) If, for any reason, the Issuer fails to maintain its qualification as a "mortgage investment corporation" under the *Income Tax Act*, the dividends paid by the Issuer on the Preferred Shares will cease to be deductible from the income of the Issuer as discussed under "Income Tax Considerations".

c) The ability of the Issuer to achieve income is dependent in part upon the Manager being able to identify and assemble an adequate supply of mortgages. There are no assurances that the Issuer will be able to locate an adequate ongoing supply of investments.

d) The profitability of the Issuer will be dependent on both general and local economic conditions and will be affected by fluctuations in the rate of economic growth, the rate of expansion of real estate markets in the target areas and migration levels.

e) There are certain risks inherent in mortgage lending over which the Issuer has no control. These risks include the risk of default and arrears, abnormal and significant fluctuations in interest rates, the general state of the economy, concentration of mortgages on properties which are in one geographic location and falling real estate values.

f) The Issuer's business is to provide loans to borrowers, some of which may not qualify for financing from conventional lenders. Accordingly, the risk of repayment of these loans may be high.

g) There are potential conflicts of interest to which the directors and officers of the Issuer may be subject in connection with the operations of the Issuer. These conflicts arise primarily out of the contractual relationship between the Issuer and the Manager, which is obligated to manage the Issuer to a certain standard. See "Management Agreement". A conflict may occur at the time the Issuer and the Manager renegotiate the terms of the Management Agreement.

h) The normal gross-up and dividend tax credit rules do not apply to dividends paid on the Issuer's shares. See "Income Tax Considerations".

8.2 Conflicts of Interest

The Issuer and its shareholders are dependent upon the experience and good faith of the Manager. The Manager is entitled to act in a similar capacity for other companies with investment policies similar to that of the Issuer and accordingly, conflicts may arise. Certain directors and officers of the Issuer are also directors and officers of the Manager. If the Manager is obligated to provide other companies with an adequate ongoing supply of investments and there are limited investments available, the supply of investments provided by the Manager to the Issuer may be affected.

Furthermore, certain of the directors and officers of the Issuer are also directors, officers and/or shareholders of other mortgage investment corporations and/or mortgage brokerage firms, and conflicts of interest may arise between their duties as directors of the Issuer and as directors of such other companies. All such possible conflicts will be disclosed in accordance with the requirements of applicable law and the directors concerned will govern themselves in respect thereof to the best of their ability and in accordance with the obligations imposed on them by law.

The directors and officers of the Issuer intend to sell the Preferred Shares offered hereunder but no commissions will be paid or payable to such directors and officers.

The Manager is in part owned by certain of the directors and officers of the Issuer. The Manager receives fees from the Issuer pursuant to the Management Agreement. See "Directors, Promoters and Principal Holders - Management Agreement", "Expenses and Management Fees".

9. REPORTING OBLIGATIONS

9.1 Delivery of Financial Statements

The Issuer is not a reporting issuer under the *Securities Act*. Financial statements of the Issuer will be reported on by its auditors on an annual basis and will be delivered to the shareholders of the Issuer in accordance with the provisions of the British Columbia *Business Corporations Act*.

9.2 Audited Financial Statements and Auditor

The audited financial statements of the Issuer as at November 30, 2013 are attached as Schedule "A".

The auditors of the Issuer are D&H Group, Chartered Accountants, 10th Floor, 1333 West Broadway, Vancouver, British Columbia, V6H 4C1.

10. RESALE RESTRICTIONS

The Preferred Shares will be subject to a number of resale restrictions, including a restriction on trading. As the Issuer does not intend to become a reporting issuer, investors will not be able to trade the securities unless they comply with an exemption from the prospectus and registration requirements under securities legislation.

11. PURCHASERS' RIGHTS

Securities legislation in certain of the provinces of Canada provides investors (known as statutory rights), or requires investors to be provided (known as contractual rights) with, in addition to any other rights they may have at law, a remedy for rescission or damages where this Offering Memorandum and any amendment thereto contains a Misrepresentation; however, such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation. As used herein, except where otherwise specifically defined, "Misrepresentation" means 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 in this Offering Memorandum not misleading in light of the circumstances in which it was made. Purchasers of Preferred Shares should refer to the applicable provisions of the securities legislation of their provinces for the particulars of these rights or consult with a legal advisor. The contractual rights of action described below will be provided to investors in their subscription agreements.

The following is a summary of the rights of the rescission or damages, or both, available to investors under the securities legislation of the province of British Columbia. Such rights will be expressly conferred upon investors in the Subscription Agreement to be executed by investors in connection with the offering of securities hereunder.

Purchaser's Rights

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

Two Day Cancellation Right

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

Rights for Investors in British Columbia

If an Investor is (i) resident in British Columbia; (ii) not an "accredited investor", as defined in National Instrument 45-106 *Capital Raising Exemptions* ("NI 45-106"), and (iii) not purchasing, as principal, a sufficient number of Preferred Shares such that the aggregate Subscription Price to the Investor is not less than Cdn$150,000, then if there is a misrepresentation in this Offering Memorandum, the Investor will have a statutory right of action for damages against the Issuer and every director of the Issuer at the date of this Offering Memorandum and every person who signs this Offering Memorandum. The Issuer has granted an identical contractual right of action in the Subscription Agreement to Investors resident in British Columbia who are "accredited investors" or purchasing a sufficient number of Preferred Shares such that the aggregate Subscription Price is not less than $150,000.

Alternatively, you may elect to exercise a right of rescission against the Issuer in which case you will have no right of action for damages against the Issuer.

If applicable, the statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Issuer or entities that you have a right to sue, including if it can be proven that you knew of the misrepresentation when you purchased the securities in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Issuer proves does not represent the depreciation in value of the securities resulting from the misrepresentation.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after your signed agreement to purchase the securities. You must commence your action for damages within the earlier of the 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

The foregoing summary is subject to the express provisions of the B.C. Securities Act and the rules and the regulations thereunder and reference is made thereto for the complete text and provisions. Investors should refer to those provisions for the particulars of these rights or consult with a lawyer.

SCHEDULE "A"

Pacifica Mortgage Investment Corporation

Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Pacifica Mortgage Investment Corporation

We have audited the accompanying financial statements of Pacifica Mortgage Investment Corporation, which comprise the statements of financial position as at November 30, 2013 and November 30, 2012, and the statements of income and comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years ended November 30, 2013 and November 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacifica Mortgage Investment Corporation as at November 30, 2013 and November 30, 2012, and its financial performance and its cash flows for the years ended November 30, 2013 and November 30, 2012 in accordance with International Financial Reporting Standards.

D&H Group LLP

Chartered Accountants

Vancouver, B.C.
February 14, 2014

Pacifica Mortgage Investment Corporation

Statements of Financial Position

(Expressed in Canadian dollars)

	November 30, 2013 $	November 30, 2012 $
Assets		
Current assets		
Cash	4,704	608,999
Prepaid expenses	15,191	12,192
Interest receivable (Note 3)	417,676	417,831
Other receivables (Note 3)	418,243	726,463
Current portion of mortgages receivable (Note 3)	54,560,880	52,595,690
	55,416,694	54,361,175
Mortgages receivable (Note 3)	7,346,817	2,040,950
Equipment (Note 4)	35	1,525
	62,763,546	56,403,650
Liabilities		
Current liabilities		
Loan payable (Note 5)	18,486,226	14,962,069
Accounts payable and accrued liabilities	127,386	106,406
Income taxes payable	678	1,463
Deferred revenue	272,964	205,536
Prepaid interest	11,401	103,339
	18,898,655	15,378,813
Redeemable preferred shares (Note 6)	43,176,482	40,410,645
	62,075,137	55,789,458
Shareholders' equity		
Share capital (Note 7)	200	200
Retained earnings	688,209	613,992
	688,409	614,192
	62,763,546	56,403,650

Events after the reporting period (Note 14)

The accompanying notes are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on March 12, 2014 and are signed on its behalf by:

_______________, Director _______________, Director

Pacifica Mortgage Investment Corporation

Statements of Income and Comprehensive Income

For the years ended November 30

(Expressed in Canadian dollars)

	2013 $	2012 $
Revenue		
Interest income	4,707,134	4,081,587
Fee income	595,725	449,923
	5,302,859	4,531,510
Expenses		
Accounting and audit	65,070	88,481
Advertising and promotion	896	1,752
Allowance for doubtful accounts (Notes 3 and 11)	486,915	206,923
Amortization of deferred financing costs	8,500	8,500
Amortization of deferred transaction costs	-	37,902
Appraisal and inspection fees	1,150	4,520
Depreciation of equipment	1,776	1,492
Dividends on redeemable preferred shares (Note 6)	2,600,900	2,277,805
Insurance	14,427	2,438
Interest and bank charges	5,633	5,808
Interest on loan payable	633,417	535,009
Legal	2,197	13,630
Loan and other administrative fees (Note 9)	1,373,980	1,277,340
Office (Note 9)	19,736	14,795
Transfer agent	13,367	12,994
	5,227,964	4,489,389
Income before income taxes	74,895	42,121
Income taxes	678	1,463
Net income and comprehensive income for the year	74,217	40,658

The accompanying notes are an integral part of these financial statements.

Pacifica Mortgage Investment Corporation

Statements of Changes in Shareholders' Equity

For the years ended November 30

(Expressed in Canadian dollars)

	Share capital			$
	Number of shares	Amount	Retained earnings	Shareholders' equity
Balance at December 1, 2011	200	200	573,334	573,534
Net income for the year	-	-	40,658	40,658
Balance at November 30, 2012	200	200	613,992	614,192
Net income for the year	-	-	74,217	74,217
Balance at November 30, 2013	200	200	688,209	688,409

The accompanying notes are an integral part of these financial statements.

Pacifica Mortgage Investment Corporation

Statements of Cash Flows
For the years ended November 30
(Expressed in Canadian dollars)

	2013 $	2012 $
Cash flows from (used in) operating activities		
Net income for the year	74,217	40,658
Items not affecting cash		
Depreciation of equipment	1,776	1,492
Amortization of deferred financing costs	8,500	8,500
Amortization of deferred transaction costs	-	37,902
Dividends paid by issuance of preferred shares	1,621,707	1,477,496
Changes in non-cash working capital		
Decrease (increase) in		
Prepaid expenses	(2,999)	(12,192)
Interest receivable	155	(74,606)
Other receivables	308,220	(1,850)
Increase (decrease) in		
Accounts payable and accrued liabilities	20,980	11,260
Income taxes payable	(785)	1,463
Deferred revenue	67,428	45,189
Prepaid interest	(91,938)	(85,504)
Mortgage investing activities		
Proceeds from repayment of mortgages receivable	43,863,612	33,560,366
Purchase and funding of mortgages receivable	(51,134,669)	(43,494,010)
	(5,263,796)	(8,483,836)
Cash flows from financing activities		
Advances of loan payable	3,515,657	3,490,877
Issuance of redeemable preferred shares	5,085,482	7,835,678
Redemption of redeemable preferred shares	(3,941,352)	(2,947,058)
	4,659,787	8,379,497
Cash flows from (used in) investing activity		
Website development	(286)	-
Increase (decrease) in cash during the year	(604,295)	(104,339)
Cash, beginning of year	608,999	713,338
Cash, end of year	4,704	608,999

See Note 12.

The accompanying notes are an integral part of these financial statements.

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

1. **Operations**

Pacifica Mortgage Investment Corporation (the “Company”) exists under the corporate laws of the Province of British Columbia and was incorporated on July 19, 1994. The Company provides mortgage financing for both residential and commercial real estate located in the Lower Mainland, Fraser Valley, Vancouver Island, Sunshine Coast, Interior BC, Northern BC, Squamish and Whistler areas of British Columbia, and Calgary and McLennan areas of Alberta. The Company takes a collateral interest in each property it finances. The Company’s head office is located at 1050 - 475 West Georgia Street, Vancouver BC, V6B 4M9, Canada.

The Company is defined as a mortgage investment corporation (“MIC”) for Canadian income tax purposes. A MIC is a special-purpose corporation defined under Section 130.1 of the *Income Tax Act* (Canada). A MIC does not pay corporate-level taxes when all taxable income is distributed to shareholders as dividends during the taxation year and within 90 days of its year end. Taxable Canadian shareholders will have dividend payments subject to Canadian tax as interest income. The Company must continually meet the following criteria to maintain MIC eligibility: (i) at least 50% of its assets must consist of residentially oriented mortgages and/or cash; (ii) it must not directly hold any foreign assets, including investments secured by real property located outside of Canada; (iii) it must not engage in operational activities outside of the business of lending and investing of funds; and (iv) no person may own more than 25% of the issued and outstanding shares.

2. **Significant accounting policies**

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”) effective for the year ended November 30, 2013, using the significant accounting policies outlined below.

The Company’s financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss that have been measured at fair value.

Estimates and measurements uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments and sources of estimation uncertainty

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. **Significant accounting policies** - continued

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Allowances for mortgages receivable have been determined based on management's estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the allowance. Estimates and assumptions made may change if new information becomes available. If information becomes available that the full recovery of a mortgage is unlikely, an allowance is provided for in the profit or loss in the period the new information becomes available.

(ii) Depreciation and amortization expenses are allocated based on assumed asset lives and depreciation/amortization rates. Should the asset life or depreciation/amortization rate differ from the initial estimate, an adjustment would be made in the statement of operations.

Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income. Cash is classified as fair value through profit or loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Other receivables, current portion of mortgages receivable and mortgages receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary. As at November 30, 2013, the Company has not classified any financial assets as available for sale.

Transaction costs associated with financial assets at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Loan payable, accounts payable and accrued liabilities, and redeemable preferred shares are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income. At November 30, 2013, the Company has not classified any financial liabilities as fair value through profit or loss.

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

2. **Significant accounting policies** - continued

Mortgages receivable

Mortgages receivable are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, mortgages receivable are measured at amortized cost using the effective interest method, less any impairment loss.

The Company classifies a mortgage loan as impaired at the earlier of when: in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal or interest, or when interest or principal payments are 90 days past due, unless the loan is well secured and in the process of collection, in which case, they are classified as impaired if the payments are 180 days past due.

The Company maintains an allowance for mortgage losses that reduces the carrying value or mortgages identified as impaired to their estimated realizable amounts. Estimated realizable amounts are determined by reference to loan collection experience, the present value of expected future cash flows, or by the estimated net present values of security underlying the mortgages and deducting costs of realization.

Specific allowances are established for individual mortgages identified as impaired. These allowances are supplemented by general allowances for losses on mortgage loans based on payment arrears, known risks in the portfolio, historical mortgage loss experience, and current economic conditions and trends.

Transaction costs

Legal costs associated with the purchase of mortgages receivable during the year have been capitalized and amortized over the average term of mortgages purchased, being twelve months.

Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the equipment using the following annual rates and methods:

Equipment	-	20% declining balance
Website	-	2 years straight-line

Prior to fiscal 2013, depreciation on the website was recorded using a 50% declining balance rate. Management has concluded that the new depreciation method better estimates the expected use of the benefit embodied in website assets.

Management has also revised its estimates of the useful life of its current website to nil years. This resulted in the full depreciation of the website assets in the fiscal year ended November 30, 2013 (an increase in depreciation expense of $ 955).

Financing costs

Loan financing costs are deferred and amortized over the expected length of the loan agreement, being five years.

Income taxes

The Company is a Mortgage Investment Corporation as defined in the *Income Tax Act*. As such, the Company is not taxable on income which flows through to shareholders in the form of dividends paid within 90 days of the Company's fiscal year end. It is the Company's policy to flow income earned out to shareholders in the form of dividends. Any corporate income tax payable or receivable is a result of timing differences of the treatment of dividends for accounting purposes versus tax purposes.

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

2. **Significant accounting policies** - continued

Deferred revenue

Mortgage commitment and renewal fees are recorded as deferred revenue when funded or renewed, and are amortized and recognized as income over the term of each mortgage on a straight-line basis.

Preferred shares

Preferred shares with mandatory redemption features are accounted for in accordance with the substance of the contractual arrangement and, as such are classified as financial liabilities. Dividends paid on preferred shares classified as liabilities are expensed to the statement of income as interest expense.

Revenue recognition

Interest is recognized using the effective interest method. Certain mortgages require the prepayment of interest, which is recorded as prepaid interest when received and amortized using the effective interest method basis over the prepayment term.

Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of the fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Accounting standards and interpretations issued but not yet adopted

The following is an overview of accounting standard changes that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its financial statements.

(i) IFRS 9 - *Financial Instruments*. This standard partially replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2015. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities. The Company may, but is not required to, apply the standard retroactively. In and after the year of adoption, certain disclosures relating to financial assets will change to conform to the new categories.

(Expressed in Canadian dollars)

2. **Significant accounting policies** - continued

(ii) IFRS 10 - *Consolidated Financial Statements;* effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidated - Special Purpose Entities.*

(iii) IFRS 11 - *Joint Arrangements;* effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 *Interest in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Ventures.*

(iv) IFRS 12 - *Disclosure of Interest in Other Entities;* effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

(v) IFRS 13 - *Fair Value Measurement*. IFRS 13 is a new standard that applies to both financial and non-financial items measured at fair value. It defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. Previously, a variety of fair value techniques and disclosures were possible under the requirements of separate applicable IFRSs. IFRS 13 is applicable for fiscal years beginning on or after January 1, 2013. The standard, which may be early adopted, will apply prospectively from the beginning of the annual period in which it is adopted.

Management is currently assessing the impact of these standards on the Company's accounting policies and financial statement presentation.

3. **Mortgages receivable**

Mortgages receivable bear interest at rates between 6.00% and 13.00% (2012 - 4.00% and 13.00%) per annum, compounded monthly, which approximate their effective yield rates. A majority of the mortgages are repayable at maturity and include monthly instalments of interest only, while some of the mortgages are repayable in blended monthly instalments of principal and interest. All mortgages mature on various dates between December 1, 2013 and December 15, 2015.

	2013 $	**2012** $
Mortgages receivable	61,907,697	54,636,640
Less: Current portion	54,560,880	52,595,690
	7,346,817	2,040,950

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

3. **Mortgages receivable** - continued

The mortgages receivable portfolio can be broken down as follows:

			2013 $
Mortgages receivable expiring during:		**Mortgages receivable interest rate:**	
Fiscal year ending November 30, 2014	54,560,880	6.00% to 6.99%	21,613,519
Fiscal year ending November 30, 2015	7,346,817	7.00% to 7.99%	12,825,940
		8.00% to 8.99%	8,370,324
		9.00% to 9.99%	11,527,632
		10.00% to 10.99%	3,611,889
		11.00% to 11.99%	1,201,759
		12.00% to 12.99%	2,590,771
		13.00% to 13.99%	165,863
	61,907,697		61,907,697

			2012 $
Mortgages receivable expiring during:		**Mortgages receivable interest rate:**	
Fiscal year ending November 30, 2013	52,595,690	4.00% to 4.99%	707,454
Fiscal year ending November 30, 2014	2,040,950	5.00% to 5.99%	-
		6.00% to 6.99%	23,761,374
		7.00% to 7.99%	10,085,539
		8.00% to 8.99%	7,383,486
		9.00% to 9.99%	4,208,250
		10.00% to 10.99%	2,061,650
		11.00% to 11.99%	4,260,620
		12.00% to 12.99%	2,069,093
		13.00% to 13.99%	99,174
	54,636,640		54,636,640

As at year end, the Company has four (2012 - nine) mortgages receivable in foreclosure totalling $ 2,458,742 (2012 - $ 4,063,420). The Company expects the entire amounts due to be collectible within the next fiscal year and, as such, are classified as current on the balance sheet. The Company has recorded a provision for interest receivable and other receivables as these amounts may not be collected upon finalization of foreclosure.

See Note 14 for repayment of one mortgage in foreclosure after the reporting period.

As a result of the foreclosures during the year the Company has incurred costs such as legal fees, real estate appraisal fees and advances to a receiver to complete renovations as per a receivership order. Such costs are collectible from the applicable mortgagor and are recorded as other receivables. The Company expects the entire other receivables amount to be collectible within the next fiscal year and, as such, are classified as current on the balance sheet.

Pacifica Mortgage Investment Corporation
Notes to the Financial Statements
For the years ended November 30, 2013 and 2012
(Expressed in Canadian dollars)

3. **Mortgages receivable** - continued

Analysis of mortgages in foreclosure
The following schedule summarizes the length at which the mortgages receivable have been in foreclosure:

$

As at November 30, 2013	0 to 3 months	3 to 6 months	6 to 12 months	Beyond one year	Total
Mortgages receivable in foreclosure	893,750	125,817	-	1,439,175	2,458,742

The following schedule summarizes the allowances for doubtful accounts related to interest, mortgages and other receivables:

$

	Allowance for					
	Interest receivable	Other receivables	Mortgages receivable	Bad debts	Recoveries	Total expense
Balance, December 1, 2011	326,219	-	-			
2012 provisions	126,000	45,000	-	53,586	(17,663)	206,923
Balance, November 30, 2012	452,219	45,000	-			
2013 provisions	126,000	343,904	16,096	915	-	486,915
Balance, November 30, 2013	578,219	388,904	16,096			

4. **Equipment**

$

	Equipment	Website	Total
Cost:			
Balance, December 1, 2011	1,367	7,899	9,266
Additions	-	-	-
Disposals	-	-	-
Balance, November 30, 2012	1,367	7,899	9,266
Additions	-	286	286
Disposals	-	-	-
Balance, November 30, 2013	1,367	8,185	9,552
Accumulated depreciation:			
Balance, December 1, 2011	1,312	4,937	6,249
Depreciation	11	1,481	1,492
Balance, November 30, 2012	1,323	6,418	7,741
Depreciation	9	1,767	1,776
Balance, November 30, 2013	1,332	8,185	9,517

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

4. **Equipment** - continued

	Equipment	Website	$ Total
Carrying value:			
Balance, November 30, 2012	44	1,481	1,525
Balance, November 30, 2013	35	-	35

5. **Loan payable**

In January 2011, the Company entered into a new demand operating facility agreement to a maximum of $ 25,000,000 with amendments to the agreement on March 23, 2011, May 27, 2011 and October 26, 2012. The Company has two borrowing options available from the facility by way of a demand loan, or bankers acceptances with terms between 30 to 180 days. The demand loan bears interest at the lender's prime rate plus 1.00% per annum. Bankers acceptances bear varying rates of interest subject to the prime rate and terms, plus stamping fee at 2.35% per annum. The loan balance is collateralized by a first charge on all the borrower's assets and undertakings.

The Company may borrow up to a maximum, being the lesser of:

- $ 25,000,000 and;
- the total of 75% of eligible mortgages

As at November 30, 2013, $ 12,985,351 (2012 - $ 14,989,694) in bankers acceptances were held with a maturity date on December 9, 2013 and January 6, 2014, in addition to a demand loan of $ 5,520,000 (2012 - $ Nil). The Company is in compliance with all required financial covenants under the demand operating facility. The Company had no defaults or breaches during the year.

	2013 $	**2012** $
Loan payable	18,505,351	14,989,694
Less: Unamortized balance of financing costs	19,125	27,625
	18,486,226	14,962,069

6. **Redeemable preferred shares**

As at November 30, 2013, the redeemable preferred shares consisted of 43,176,482 preferred shares (2012 - 40,610,645), with a carrying amount of $ 43,176,482 (2012 - $ 40,610,645).

During the year, the Company issued 6,707,189 (2012 - 9,313,174) preferred shares at $ 1 each. Of this amount, 1,621,707 (2012 - 1,477,496) were issued pursuant to a stock dividend on the preferred shares and 5,085,482 (2012 - 7,835,678) were issued for cash.

(Expressed in Canadian dollars)

7. **Share capital**

Authorized

1,000,000	voting common shares with a par value of $ 1 each
100,000,000	non-voting preferred shares with a par value of $ 1 each, redeemable and retractable at $ 1 per share, bearing a cumulative annual dividend determined by the Board of Directors

During the year, the Company redeemed 3,941,352 (2012 - 2,947,058) preferred shares for $ 1 each.

8. **Trust accounts**

The Company acts as an agent on behalf of other co-lenders with respect to shared mortgages. Accordingly, during the year the Company maintained books and records for the trust assets and trust liabilities which are as follows:

	2013 $	**2012** $
Trust assets	57,130	8,833
Trust liabilities	57,130	8,833

Trust accounts have been excluded from the financial statements.

9. **Related party disclosures**

Key management compensation

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

Compensation paid to key management personnel total $ Nil for the year ended November 30, 2013 (2012 - $ Nil).

Accounts payable and accrued liabilities

Included in accounts payable is $ 127,375 (2012 - $ 106,395) payable to a joint venture consisting of a company and credit union with common shareholders and directors, and a credit union with common directors.

Office expense

Accounting fees of $ 1,125 (2012 - $ 1,125) were paid to a shareholder and director of the Company for bookkeeping services provided.

Loan and other administrative fees

Loan and other administrative fees, from December 2012 to November 2013, of $ 1,373,980 (2012 - $ 1,277,340) were paid to a joint venture consisting of a company with common shareholders and directors, and a credit union with common directors, for loan and other administrative services provided. Loan and other administrative fees are charged monthly and are calculated at 2% of the average mortgages receivable balance plus 25% of fee income.

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

10. **Financial instruments**

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"), held to maturity investments, loans and receivables, available for sale assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial instrument	Category	November 30, 2013 $	November 30, 2012 $
Cash	FVTPL	4,704	608,999
Interest receivable	Loans and receivables	417,676	417,831
Other receivables	Loans and receivables	418,243	726,463
Mortgages receivable	Loans and receivables	61,907,697	54,636,640
Loan payable	Other liabilities	(18,486,226)	(14,962,069)
Accounts payable and accrued liabilities	Other liabilities	(127,386)	(106,406)
Redeemable preferred shares	Other liabilities	(43,176,482)	(40,410,645)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Fair value

Cash is designated as held for trading under Level 1 of the fair value hierarchy, and is therefore carried at fair value with unrealized gains or losses recorded in net income and comprehensive income.

The fair value of cash, interest receivable, other receivables, loan payable, and accounts payable and accrued liabilities are believed to be equal to their carrying amount due to their short terms to maturity.

The fair value of mortgages receivable lack an available trading market and are not typically exchanged, and have been valued assuming they are not available for sale. The fair values are not necessarily representative of the amounts realizable in immediate settlements of the instruments. Fair values are determined by discounting the expected future cash flows at current market rates for loans with similar terms and risks.

Pacifica Mortgage Investment Corporation

Notes to the Financial Statements

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

10. **Financial instruments** - continued

The Company adjusts the fair values of loans to take account of any significant changes in credit risks using observable market inputs in determining the counterparty credit risks of loans, net of loan loss provisions on the loans. The fair value of mortgages receivable is estimated by management to be equivalent to the carrying value.

The fair value of the redeemable preferred shares is estimated by management to be $ 43,176,482 based on the Company's winding up formula. Based on the winding up formula the preferred shares are entitled to an amount equal to the aggregate amount paid up on the preferred shares as well as a share of the remaining amount available for distribution based on the amount paid up on the preferred shares compared with the amount paid up on all classes of shares. This instrument lacks an available trading market and is not typically exchanged.

11. **Risk management**

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. Like other mortgage investment companies, the Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of management. Management reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks follows.

Interest rate risk

Interest rate risk is the risk that a lender's earnings are exposed to volatility as a result of sudden changes in interest rates. This occurs, in most circumstances, when there is a mismatch between the maturity (or re-pricing characteristics) of mortgages and liabilities or resources used to fund the mortgages. The Company currently mitigates this risk by lending for short terms and entering into interest rate swap agreements.

At November 30, 2013, if interest rates for the year had been 100 basis points higher or lower with all other variables held constant, interest on loan payable for the year would have been $ 173,872 higher or lower, arising mainly as a result of variable borrowings.

Credit risk

Credit risk is the risk that a borrower will not honour its commitments and a loss to the Company may result. Management is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- The employment of qualified and experienced loan originators;
- The investigation of the creditworthiness of all borrowers;
- The engagement of qualified independent consultants such as lawyers and real estate appraisers dedicated to protecting the Company's interests; and
- The prompt initiation of recovery procedures on overdue mortgages.

Management has the responsibility for ensuring that the credit risk management is adequate. The Company reviews its policies regarding its lending limits on an ongoing basis. The amount of the Company's mortgages receivable, secured by first or second mortgages on both residential and commercial real estate in British Columbia and Alberta, generally does not exceed 75% of the collateral value.

(Expressed in Canadian dollars)

11. **Risk management** - continued

Management reviews the credit quality of the mortgages on a regular case-by-case basis to confirm whether the quality of the underlying security is maintained and if credit conditions have deteriorated, suitable action is taken. The maximum potential loss on the mortgages receivable is equal to the carrying amount.

As at November 30, 2013, the Company had four mortgages in foreclosure totalling $ 2,458,742 (2012 - $ 4,063,420). As a result, the Company has provided allowances for interest receivable, other receivables and mortgages receivable as described in Note 3.

Market risk
Market risk arises as a result of changes in conditions which affect real estate values. These market changes may be regional or national in nature or may revolve around a specific product type. To manage these risks, management ensures that the loan originators are aware of the market conditions that affect each mortgage application and the impact that any changes may have on security for a particular loan. Management monitors changes in the market on an on-going basis and adjusts the Company's lending practices and policies when necessary to reduce the impact of the above risks.

Liquidity risk
Liquidity risk arises as a result of changes in conditions which cause the Company to encounter difficulties in meeting obligations associated with financial liabilities.

The Company expects to renegotiate the terms of the loan payable when necessary.

The redeemable preferred shares provide the holders of the preferred shares the right to require the Company to redeem all or a portion of their shares. To manage the redemption(s) of the preferred shares management generally redeems the preferred shares through the Company's operating cash flows. In the event that a redemption(s) cannot be accommodated through operating cash flows the retraction rights of the preferred shares provide that the Company must be provided with 18 months of written notice. To manage this risk, management has approximately matched the maturity on their mortgages receivable to fall within an 18 month period.

12. **Supplemental cash flow information**

The Company has received and paid interest and dividends as follows:

	2013 $	**2012** $
Interest received	4,581,134	3,874,664
Interest paid	633,417	535,009
Dividends paid on redeemable preferred shares	979,193	800,309

13. **Capital management**

The Company's capital management objectives are to maintain a strong and efficient capital structure to provide liquidity to support lending operations. The Company continually monitors its capital position to ensure objectives are met. A strong capital position also provides flexibility in considering accretive growth opportunities.

As at November 30, 2013, management considers the Company's capital to be comprised of the preferred share liability of $ 43,176,482 and all components of shareholders' equity which amount to $ 689,087 for a total of $ 43,865,569.

The Company's lenders have imposed certain capital requirements upon the Company which require debt to tangible net worth not be greater than 0.75:1.00. Tangible net worth has been defined by the lenders as shareholders' equity plus redeemable preferred shares. In addition, interest coverage of not less than 300% shall be maintained at all times. Interest coverage has been defined by the lenders as earnings before interest and taxes plus distributions to shareholders, divided by interest. Management believes that the Company has complied with all external restrictions.

14. **Events after the reporting period**

In December 2013, the Company declared and distributed a dividend of $ 683,500 to shareholders of record on November 30, 2013. As a consequence of distributing sufficient dividends within ninety days of the year end, the Company's income for income tax purposes is estimated to be $ 1,755 (2012 - $ 44,335). See Note 1.

Subsequent to year end, the Company committed to fund sixteen mortgages totalling $ 9,108,143.

Subsequent to year end, the Company received $ 5,033,055 from the full principal payment of nine mortgages receivable, and $ 310,000 from the partial principal payment of one mortgage receivable at year end. $ 125,817 of this balance is related to the mortgages in foreclosure as at November 30, 2013.

Subsequent to year end, the Company re-negotiated its lending terms and may borrow up to a maximum, being the lesser of:

- $ 35,000,000 and;
- the total of 75% of eligible mortgages.

CERTIFICATE OF THE ISSUER

This Offering Memorandum does not contain a misrepresentation.

DATED this 1st day of April, 2014

Pacifica Mortgage Investment Corporation

"Sidney Rubin" Sidney Rubin Chief Executive Officer	"Shannon Hillman" Shannon Hillman Chief Financial Officer
"Christopher Catliff" Christopher Catliff Director	"William H. Keen" William H. Keen Director
"John R. Nation" John R. Nation Director	"Alan Frydenlund" Alan Frydenlund Director
"Daymon Eng" Daymon Eng Director	"Jerry Szakun" Jerry Szakun Director

On behalf of Pacifica Joint Venture (in its capacity as promoter)

Capital West Mortgage Inc.

"Sidney Rubin" Sidney Rubin President	"Shannon Hillman" Shannon Hillman Director

BlueShore Financial

"Christopher Catliff" Christopher Catliff President	"William H. Keen" William H. Keen Chief Financial Officer

SCHEDULE "B"

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT dated for reference ___________________________________

BETWEEN:

THE UNDERSIGNED SUBSCRIBER FOR PREFERRED SHARES IN THE CAPITAL OF **PACIFICA MORTGAGE INVESTMENT CORPORATION**

(the "Investor")

AND:

PACIFICA MORTGAGE INVESTMENT CORPORATION, a company incorporated pursuant to the laws of British Columbia and having an office at Suite 1050 - 475 West Georgia Street, Vancouver, British Columbia, V6B 4M9

(the "Issuer")

WITNESSES THAT WHEREAS:

A. The Issuer is incorporated under the British Columbia *Business Corporations Act*, is designated to carry on business as a "mortgage investment corporation" (as defined in the *Income Tax Act* (Canada) (the "*Income Tax Act*")) and the Issuer intends to carry on its business so as to qualify as a "mortgage investment corporation" as defined in the *Income Tax Act*;

B. The Issuer wishes to issue up to an aggregate of 50,000,000 Preferred non-voting shares (the "Preferred Shares") in the capital of the Issuer having a par value of $ 1.00 per Preferred Share by way of a private placement at the price of $1.00 per Preferred Share (the "Offering"); and

C. The Investor wishes to purchase Preferred Shares on the terms set forth in this Agreement;

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1 PURCHASE AND SALE OF PREFERRED SHARES

1.1 On the Closing (as defined in section 6), the Investor will purchase from the Issuer that number of Preferred Shares set forth on the execution page hereof, at the price of $1.00 per Preferred Share, and the Issuer will deliver to the Investor certificates representing the Preferred Shares.

2 REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS OF THE INVESTOR

2.1 The Investor represents and warrants to the Issuer as of the date given above and at the Closing that:

a) Investor Has Benefit of Private Placement Exemption. The Investor, either (i) is purchasing as principal a sufficient number of Preferred Shares so that the aggregate acquisition cost of the Investor or beneficial subscriber will not be less than the amount as required for the purchase of the Preferred Shares, or (ii) if a resident of any province of Canada other than Ontario may rely on the receipt of an offering memorandum, to be exempt from the prospectus and registration requirements under the applicable statute in which the Investor or beneficial Investor is resident; or

b) Investor is an Accredited Investor. If subparagraph (a) does not apply, the Investor is purchasing the Preferred Shares as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Preferred Shares, and he, she or it is one of the following:

   i) an individual who, either alone or together with a spouse, beneficially owns directly or indirectly, financial assets (cash and securities) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1 million;

   ii) an individual whose net income before taxes exceeded $200,000 in each of the past two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years) and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

   iii) a corporation, trust or partnership in respect of which all of the owners of interests, direct or indirect, legal or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

   iv) a corporation, trust, or partnerships that has net assets of at least $5 million as shown on its most recently prepared financial statements.

c) the Investor is acquiring the Preferred Shares as principal (for his own account and not for the benefit of any other person);

d) if the Investor is an individual, he has attained the age of majority for British Columbia and has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant hereto;

e) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to the Investor or of any agreement written or oral, to which the Investor may be a party or by which he is or may be bound;

f) this Agreement has been duly executed and delivered by the Investor and constitutes a valid and binding agreement of the Investor enforceable against the Investor;

g) the subscription revokes any previous subscription form for the Preferred Shares to which this subscription relates and the offer by the Investor made by this subscription is irrevocable and requires only acceptance by the Issuer;

h) the Investor is not purchasing the Preferred Shares as a result of any advertisement of the Preferred Shares or the Offering;

i) the Investor is resident at the address set forth on the execution page hereof; and

j) the Investor has been provided with and has read and understood the confidential offering memorandum of the Issuer dated April 1, 2014 (the "Offering Memorandum"), in connection with the sale of the Preferred Shares.

2.2 The Investor acknowledges to the Issuer that:

a) this subscription has not been solicited in any manner contrary to the *Securities Act* or the Securities Rules (British Columbia) (the "Rules");

b) no prospectus has been filed by the Issuer with the British Columbia Securities Commission in connection with the distribution of the Preferred Shares, the Issuer is relying on exemptions from the prospectus requirements of the *Securities Act* and the Rules in respect of the distribution of the Preferred Shares and that as a result:

   i) the Investor is restricted from using most of the civil remedies available under the *Securities Act* and the Rules;

   ii) the Investor may not receive information that would otherwise be required to be provided to him under the *Securities Act* and the Rules; and

   iii) the Issuer is relieved from certain obligations that would otherwise apply under the *Securities Act* and the Rules;

c) the Investor is aware that the Preferred Shares form a part of a private placement offering of up to an aggregate of 50,000,000 Preferred Shares by the Issuer, as more particularly described in the Offering Memorandum, and that there is no minimum subscription for such offering and therefore any subscription funds may be accepted and used by the Issuer;

d) the Investor is aware and has been advised that there is no market whatsoever for the Preferred Shares nor any assurance that one will develop;

e) no person has made to the Investor any written or oral representations:

   i) that any person will resell or repurchase the Preferred Shares;

   ii) that any person will refund the purchase price of the Preferred Shares except in accordance with this Agreement;

   iii) as to the future price or value of the Preferred Shares; or

   iv) that the Preferred Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post the Preferred Shares for trading on a stock exchange;

f) any resale of the Preferred Shares is subject to restrictions contained in applicable securities legislation;

g) the certificates representing the Preferred Shares will bear a legend stating that the Preferred Shares are subject to a hold period and may not be traded in British Columbia until the expiry of the hold period except as permitted by the *Securities Act* and the Rules;

h) the Issuer intends to distribute as dividends, no later than (ninety) 90 days after its fiscal year end, all of its net income to its shareholders and such dividends are intended to be declared and paid quarterly in such amounts as may be determined by the directors of the Issuer in their sole discretion;

i) Investors will only be entitled to receive pari passu and rateably according to the amount paid up thereon and according to the length of time since allotment quarterly as declared in the discretion of the Directors of the Issuer, all of the profits of the Issuer as determined in accordance with generally accepted accounting principles available for the payment of dividends; and any dividends declared on the Preferred Shares shall be rateably adjusted for the period of time since the date of the last dividend of the Issuer and, on any Preferred Shares issued or allotted since that date, the period of time since the date of issue or allotment;

j) the Issuer may refuse to purchase or redeem or retract Preferred Shares from the Investor if such purchase or redemption or retraction would result in the Issuer not meeting the requirements of a “mortgage investment corporation” under the *Income Tax Act* (Canada);

k) the Investor may direct that the Preferred Shares be registered in the name of a deferred income plan for the benefit of the Investor and that initially the Preferred Shares shall be registered as set forth on the last page of this Agreement, but notwithstanding such designation with respect to registration, the Investor will receive all proxies, consents and other instruments as the Issuer may require from time to time so that for all purposes of the Issuer’s communications to shareholders, the Issuer may direct such communications to the Investor; and

l) the Investor is responsible for obtaining his own legal and tax advice.

3 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

3.1 The Issuer represents and warrants to the Investor that, as of the date given above and at the Closing:

a) the Issuer is a valid and subsisting corporation duly incorporated and in good standing under the laws of the Province of British Columbia;

b) the Issuer is the beneficial owner of the properties, business and assets or the interests in the properties, business and assets referred to in the Offering Memorandum, including the financial statements of the Issuer (the “Financial Statements”) which are attached thereto and form a part thereof; all agreements by which the Issuer holds an interest in a property, business or assets are in good standing according to their terms, and the properties are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated;

c) the Financial Statements accurately reflect the financial position of the Issuer as at the date thereof and no adverse material changes in the financial position of the Issuer have taken place since the date thereof, save in the ordinary course of the Issuer’s business;

d) the Issuer has complied and will comply fully with the requirements of all applicable corporate and securities laws in relation to the issue and trading of its securities and in all matters relating to the Offering, including, without limitation, applicable securities laws in any jurisdiction in which the Preferred Shares are to be sold;

e) the issuance and sale of the Preferred Shares by the Issuer does not and will not conflict with, and does not and will not result in breach of, any of the terms of its incorporating documents or any agreement or instrument to which the Issuer is a party or by which the Issuer is bound;

f) this Agreement has been authorized by all necessary corporate action on the part of the Issuer and upon execution and delivery by the Issuer, will constitute a valid obligation of the Issuer legally binding upon it and enforceable in accordance with its terms; and

g) by its acceptance and acknowledgment of this Agreement, the Issuer expressly awards the Investor the contractual rights of action described in the Offering Memorandum under the heading "Purchasers' Contractual and Statutory Rights of Action", which are incorporated herein by reference.

h) the Issuer intends to distribute as dividends, no later than (ninety) 90 days after its fiscal year end, all of its net income to its shareholders and such dividends are intended to be declared and paid quarterly in such amounts as may be determined by the directors of the Issuer in their sole discretion.

4 COVENANTS OF THE INVESTOR

4.1 The Investor covenants with the Issuer that he will concurrently with the execution and delivery of this Agreement, duly execute and deliver to the Issuer, the Risk Acknowledgement attached as Appendix 1 to this Subscription.

4.2 The Investor covenants to comply with the *Securities Act* and any other relevant legislation, order or policy concerning the purchase of, holding of and resale of the Preferred Shares.

4.3 The Investor covenants that he will not sell, transfer or otherwise dispose of the Preferred Shares acquired by him pursuant to this Agreement in any way which would result in the Issuer no longer qualifying as a "mortgage investment corporation" for the purposes of the *Income Tax Act*.

4.4 The Issuer covenants to remain a M.I.C.

5 WAIVERS, HOLD PERIOD AND RESALE RESTRICTIONS

5.1 The Investor hereby irrevocably nominates, constitutes and appoints the President of the Issuer as his true and lawful attorney to execute and deliver any and all documents which may be signed by him or her in connection with all the waivers of pre-emptive rights to acquire additional Preferred Shares. The Investor hereby ratifies each and every act which the President of the Issuer may do pursuant to such power of attorney.

5.2 The Investor acknowledges to the Issuer that because the Preferred Shares are being distributed in reliance upon an exemption from the prospectus requirements of the *Securities Act* the Preferred Shares will be subject to resale restrictions, including a hold period, which will make it very difficult if not impossible, for the Investor to resell the Preferred Shares.

6 CLOSING

6.1 The closing of the transactions contemplated by this Agreement (the "Closing") will take place by _________ or such earlier or later date as may be agreed upon by the Issuer. The Investor acknowledges that although a number of other subscriptions for Preferred Shares may be closed concurrent with the Closing, there may also be other separate closings under the Offering, some or all of which may occur before or after the Closing. As a result, there may be several Closings.

6.2 On or before the Closing, the Investor will deliver to the Issuer a certified cheque or bank draft for the total purchase price of the Preferred Shares as specified on the execution page hereof or an irrevocable direction to a financial institution to deliver to the Issuer full payment for the Preferred Shares upon delivery of certificates representing such Preferred Shares to the financial institution or to the Investor.

6.3 At Closing, the Issuer will deliver to the Investor or to the financial institution specified by the Investor certificates representing the Preferred Shares registered in the name of the Investor as specified on the execution page hereof.

7 MISCELLANEOUS

7.1 The Investor hereby acknowledges that all warranties, conditions, representations or stipulations, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law are expressly those of the Issuer. The Investor acknowledges that no information or representation concerning the Issuer has been provided to the Investor by the Issuer other than those contained in this Agreement and in the Offering Memorandum, and that the Investor is relying entirely upon information or documents made available by the Issuer.

7.2 Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (British Columbia).

7.3 The parties to this Agreement may amend this Agreement only in writing.

7.4 The parties to this Agreement will execute and deliver such private placement questionnaires, documents, transfers, deeds, assurances, and procedures necessary, in the opinion of counsel for the Issuer, for the purposes of giving effect to or perfecting the transactions contemplated by this Agreement.

7.5 The Investor hereby directs that, upon acceptance of this subscription by the Issuer, the certificate representing the Preferred Shares be issued as shown on the execution page of this Agreement.

7.6 This Agreement enures to the benefit of and is binding upon the parties to this Agreement and their successors and permitted assigns.

7.7 The Investor will have the contractual rights of action described in the Offering Memorandum which rights are incorporated by reference herein.

7.8 Any notice under this Agreement must be

i) in writing,

ii) delivered, telecopied or mailed by prepaid post,

iii) addressed to the party to which notice is to be given at the address for such party indicated herein

or at another address designated by either party in writing.

7.9 Notice which is delivered or telecopied will be deemed to have been given at the time of transmission or delivery. If notice is by mail it will be deemed to have been given 48 hours following the date of mailing. If there is an interruption in normal mail service at or prior to the time a notice is mailed, the notice must be delivered or telecopied.

7.10 The representations, warranties and covenants of the parties contained in this Agreement will survive the Closing of the purchase and sale of the Preferred Shares.

7.11 This Agreement will be governed by and construed in accordance with the laws of British Columbia.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written above.

Investor

____
Signature

Name: ______________________________
(please print)

Address: ______________________________

____

Number of Preferred Shares: ______________________________

Purchase Price: ______________________________

Registration Information

Please register the Preferred Shares as follows:

Name: ______________________________
(please print)

Address: ______________________________

____

Subscription accepted this ____ day of ___________________, 2014.

PACIFICA MORTGAGE INVESTMENT CORPORATION

____
Authorized Signatory

____
Authorized Signatory

APPENDIX 1

FORM 45-103F3

Risk Acknowledgement

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities commission has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities commission and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing $______________ in total; this includes any amount I am obliged to pay in future. ________________________________ will pay $______________ ***[amount of fee or commission]*** of this to ____ ***[name of person or company selling the securities]*** as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

____
Date

____
Signature of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

____
Print name of Purchaser

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Capital West Mortgage Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax to (604) 899-0337 or e-mail to srubin@capitalwest.ca in person to Capital West Mortgage Inc. at their business address, 1050-475 West Georgia Street, Vancouver, British Columbia, V6B 4M9, Attention: Sidney Rubin.

____
Name

____
Address

____

Fax: ______________________

E-mail:_____________________

You are buying "Exempt Market Securities"

Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities commission.

There are restrictions on your ability to resell e*xempt market securities. Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from an adviser or investment dealer registered with a securities commission. Contact the Investment Dealers Association of Canada (website at www.ida.ca) for a list of registered investment dealers in your area.

Securities are not listed

The securities you are buying are not listed on any stock exchange and they may never be listed. You may never be able to sell these securities.

Issuer is a Non-Reporting Issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You will not receive ongoing information about this issuer.

For more information on the *exempt market*, call your local securities commission. If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6500, (outside the local area, call toll-free 1-800 373-6393), or visit its website at www.bcsc.bc.ca. If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 and in Edmonton at (780) 427-5201, or visit its website at www.albertasecurities.com.