PACIFICA MORTGAGE INVESTMENT CORPORATION

OFFERING MEMORANDUM

March 29, 2024

The securities referred to in this Offering Memorandum are being offered on a private placement basis. This Offering Memorandum constitutes an offering of securities only in those jurisdictions, and to those persons, where, and to whom, they may be lawfully offered for sale. The Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of these securities. The securities offered under this Offering Memorandum qualify for distribution in the jurisdictions in which they are offered pursuant to exemptions under securities laws in those jurisdictions.

This Offering Memorandum is for the use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisers, this Offering Memorandum or any information contained therein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

*In this Offering Memorandum, "**we**", "**us**", "**our**" and the "**Issuer**" means Pacifica Mortgage Investment Corporation; "**you**", "**your**" and "**shareholder**" mean you and all other investors in Preferred Shares of the Issuer; the "**Manager**" means Capital West Mortgage Inc., the manager of the Issuer.*

The Issuer is a "connected issuer" and a "related issuer", within the meaning of applicable securities legislation, of Capital West Mortgage Investor Services Inc. (defined below as "CWMIS") and the Manager given the relationship among the Issuer, the Manager and CWMIS. See "10.2 Risk Factors – Conflicts of Interest".

The Issuer

Name:	**Pacifica Mortgage Investment Corporation**
Head office:	1050 – 475 West Georgia Street Vancouver, British Columbia V6B 4M9 Phone #: (604) 484-5998 Website address: www.pacificamortgage.ca E-mail address: info@pacificamortgage.ca
Currently listed or quoted?	No. **These securities do not trade on any exchange or market**.
Reporting issuer?	No.

The Offering

Securities offered:	Non-voting Preferred shares ("**Preferred Shares**")
Price per security:	$1.00 per Preferred Share
Minimum/Maximum offering:	$0 / no maximum **There is no minimum or maximum offering. You may be the only purchaser.** However, Preferred Shares have been sold in prior offerings. As at the date of this Offering Memorandum, 203,780,920.81 Preferred Shares are issued and outstanding. See "4. Capital Structure – 4.1 Share Capital" and "– 4.3 Prior Sales".
Minimum subscription amount:	The minimum amount to be invested by each investor is generally $25,000. However, a higher amount may be required depending on the jurisdiction where you live and for certain jurisdictions, whether you qualify as an "accredited investor" within the meaning of applicable securities laws. In addition, the Manager has the discretion to waive or change the minimum from time to time. See "5. Securities Offered – 5.2 Subscription Procedure" and "– 5.3 Statutory Exemptions Relied Upon by the Issuer", and review the subscription agreement available from the Manager.
Payment terms:	Bank draft or certified cheque on closing.
Proposed closing date(s):	Closings will occur periodically at the discretion of the Issuer. See "5. Securities Offered – 5.2 Subscription Procedure".
Income tax consequences:	There are important tax consequences associated with an investment in Preferred Shares of the Issuer. See "8. Certain Canadian Federal Income Tax Considerations".

Insufficient Funds

Funds available under the offering may not be sufficient to accomplish the Issuer's proposed objectives. See "2. Business of the Issuer – 2.6 Insufficient Funds".

Compensation Paid to Sellers and Finders

It is not expected that any person will receive compensation from the Issuer in connection with the sale of securities under this offering. See "9. Compensation Paid to Sellers and Finders".

Resale Restrictions

You will be restricted from selling your Preferred Shares for an indefinite period. However, Preferred Shares are redeemable by the holder on 18 months' written notice, subject to certain restrictions. See "12. Resale Restrictions" and "5. Securities Offered – 5.1 Terms of Securities – Redemption Rights - Holder".

Restrictions on Redemption Rights

You will have a right to require the Issuer to redeem the Preferred Shares you hold, but this right is qualified by restrictions. As a result, you might not be permitted to redeem your Preferred Shares when you want to. See "5. Securities Offered – 5.1 Terms of Securities – Redemption Rights - Holder".

Purchasers' Rights

You have two business days to cancel your agreement to purchase Preferred Shares. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the purchase agreement. See "13. Purchasers' Rights".

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "10. Risk Factors".

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SUMMARY

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

Offering	Non-voting Preferred shares at $1.00 per share.
Issuer	**Pacifica Mortgage Investment Corporation is a corporation 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). See "2. Business of the Issuer".**
Manager	Capital West Mortgage Inc. manages the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. The Manager is in the business of managing mortgage investments and mortgage brokerage companies. See "2. Business of the Issuer – 2.7 Material Contracts."
Eligible Investors	Investors must invest the minimum amount established by the Manager from time to time and depending on the jurisdiction where they reside, may need to meet certain financial or other qualifications. The minimum amount to be invested by each investor is generally $25,000. However, a higher amount may be required depending on the jurisdiction where an investor lives and for certain jurisdictions, whether an investor qualifies as an "accredited investor" within the meaning of applicable securities laws. In addition, the Manager has the discretion to waive or change the minimum from time to time. See "5. Securities Offered – 5.2 Subscription Procedure" and "– 5.3 Statutory Exemptions Relied Upon by the Issuer", and review the subscription agreement available from the Manager.
Use of Proceeds	The net proceeds to the Issuer from the sale of the Preferred Shares will be used to invest primarily in residential, commercial, construction and other mortgages in accordance with the Issuer's investment policies. See "1. Use of Available Funds" and "2. Business of the Issuer".
Closings	Closings will occur periodically at the discretion of the Issuer. Unless a share certificate is requested by an investor, the issuance of Preferred Shares will be evidenced by electronic registration in the Issuer's books and records using a direct registration system. See "5. Securities Offered – 5.2 Subscription Procedure".
Dividend Policy	The Issuer intends to payout all of its net income and net realized capital gains as dividends within the time periods specified in the *Income Tax Act* (Canada) and as such does not anticipate paying any income tax. See "5. Securities Offered – 5.1 Terms of Securities - Dividend Entitlement" and "8. Certain Canadian Federal Income Tax Considerations".

Certain Canadian Federal Income Tax Consequences	Provided the Issuer maintains its status as a "mortgage investment corporation" for the purposes of the *Income Tax Act* (Canada), dividends received by shareholders (other than capital gains dividends) on Preferred Shares will generally be treated as interest income to such shareholders for the purposes of the *Income Tax Act* (Canada) and Preferred Shares will generally be "qualified investments" to a trust governed by a registered retirement savings plan, deferred profit sharing plan, registered disability savings plan, registered education savings plan, registered retirement income fund, or tax-free savings account, provided the Issuer does not hold as part of its property at any time during a calendar year in which the particular time occurs any indebtedness (whether by way of a mortgage or otherwise) of a person who is an annuitant, beneficiary, employer or subscriber under, or a holder of, the trust or of any other person who does not deal at arm's length with that person. See "8. Certain Canadian Federal Income Tax Considerations".
Risk Factors	The purchase of the securities offered by this Offering Memorandum must be considered speculative due to the nature of the Issuer's business, in particular the risks associated with mortgage lending. In addition to the usual risks associated with an investment in a business, each subscriber should consider the risk factors set out in this Offering Memorandum under the heading "10. Risk Factors" before subscribing for Preferred Shares.
How to Subscribe	A person wishing to subscribe for Preferred Shares must deliver to the Issuer the documents referred to in "5. Securities Offered – 5.2 Subscription Procedure".

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements with respect to the Issuer. A statement is forward-looking when it uses what we know and expect today to make a statement about the future. In particular, the information contained in “2. Business of the Issuer” may constitute “forward-looking information” for the purpose of securities legislation, as it contains statements of the intended course of conduct and future operations of the Issuer. These statements are based on assumptions made by us about the success of the Issuer’s investment policies in certain economic and market conditions, relying on the experience of the Issuer’s and the Manager’s directors, officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions we make and the success of our investment policies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of our intended policies as well as the Issuer’s actual course of conduct. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual results or events to differ materially from those anticipated in such forward looking statements. Investors are urged to consider various factors when considering these statements, including, but not limited to the risks discussed under “10. Risk Factors”.

1. USE OF AVAILABLE FUNDS

1.1 Funds

The funds available to the Issuer as a result of this offering are as follows:

	Assuming minimum offering (1)	**Assuming maximum offering** (1)
A. Amount to be raised by this offering	$0.00 (1)	$50,000,000 (1)
B. Selling commissions and fees	$0.00 (2)	$0.00 (2)
C. Estimated offering costs (including legal, accounting and audit.)	($25,000)	($25,000)
D. Available funds (D = A – (B+C))	($25,000)	$49,975,000
E. Additional sources of funding required	$0.00 (3)	$0.00 (3)
F. Working capital deficiency	$0.00 (4)	$0.00 (4)
G. Total (G = (D+E) – F)	($25,000)	$ 49,975,000

(1) There is no minimum or maximum offering. The amounts shown under “Assuming maximum offering” are for illustrative purposes only based on an assumed maximum offering of 50,000,000 Preferred Shares. As at the date of this Offering Memorandum, 203,780,920.81 Preferred Shares are issued and outstanding.

(2) It is not expected that a sales commission (or fee) will be payable to the Issuer when you purchase Preferred Shares. However, if you acquire Preferred Shares through a registered dealer, your dealer may charge you a sales commission or fee at a rate to be negotiated between you and your dealer.

(3) Although the Issuer intends to fund its investments primarily through capital raised from the issuance of Preferred Shares or other equity financings, the Issuer may also fund investments through the use of leverage, as permitted by applicable legislation, by issuing debt obligations or otherwise borrowing funds up to a maximum of three times the net book value of its assets. The amount of any funds raised through the use of leverage is not known; however, subject to the limits described, the Issuer may borrow funds to the extent that the Issuer’s Board of Directors is satisfied that such borrowing and additional investments will increase the overall profitability of the Issuer. See “2.3 Development of Business – Demand Operating Credit Facility” for a description of the demand operating credit facility obtained by the Issuer.

(4) As at the date of this Offering Memorandum, the Issuer does not have a working capital deficiency.

1.2 Use of Available Funds

The available funds will be used as follows:

Description of intended use of available funds (listed in order of priority)	Assuming minimum offering [1]	Assuming maximum offering [1]
A. Investments in mortgages and other qualified investments and operating expenses (See "2. Business of the Issuer") [2]	$0.00	$49,975,000
B. Total (Equal to G in the table under 1.1 above)	$0.00	$49,975,000

(1) There is no minimum or maximum offering. The amounts shown under "Assuming maximum offering" are for illustrative purposes only based on an assumed maximum offering of 50,000,000 Preferred Shares. As at the date of this Offering Memorandum, 203,780,920.81 Preferred Shares are issued and outstanding.

(2) The available funds will be used to invest primarily in residential, commercial, construction and other mortgages in accordance with the Issuer's investment policies. See "2. Business of the Issuer". In the normal course, the Issuer would expect to pay the Issuer's operating expenses from its revenues and not directly from funds raised as part of this offering. However, there is no assurance that this will always be possible and it may from time to time be necessary to use a portion of the funds raised as part of this offering to cover the Issuer's operating expenses. The operating expenses of the Issuer include the management fee paid to the Manager as consideration for the services provided by the Manager under the applicable Management Agreement. For the fiscal year ended November 30, 2023, the Issuer paid a management fee of $4,616,880.08 to the Manager. See "3.8 Management Fees and Other Expenses of the Issuer". The Issuer and the Manager share common directors and officers and the Manager is in part owned by certain of the directors and officers of the Issuer. See "10.2 Conflict of Interest" for further information.

2. BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

The Issuer was incorporated under the *Company Act* (British Columbia) (now the *Business Corporations Act* (British Columbia)) on July 19, 1994 under the name "Hamilton Mortgage Investment Corporation". The name of the Issuer was changed to "Pacifica Mortgage Investment Corporation" effective December 6, 1995. The Issuer does not have any subsidiaries or proposed subsidiaries. Each registered shareholder of the Issuer 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 Issuer intends to carry on business as a "mortgage investment corporation" within the meaning of the *Income Tax Act* (Canada) (the "**Income Tax Act**"). See "8. Certain Canadian Federal Income Tax Considerations" for a description of conditions that must be met for the Issuer to qualify as a "mortgage investment corporation". The directors of the Issuer intend to refuse registration of an allotment or transfer of Preferred Shares which would result in the Issuer ceasing to meet such qualifications.

The Manager manages the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. See "3. Management of the Issuer – 3.5 The Manager".

The registered and records offices of the Issuer are located at Vancouver Centre II, Suite 2900 – 733 Seymour Street, Vancouver, British Columbia, V6B 0S6. The business office of the Issuer is located at Suite 1050 - 475 West Georgia Street, Vancouver, British Columbia, V6B 4M9. The Manager can be contacted by telephone at (604) 484-5998, by facsimile at (604) 899-0337, or by email at srubin@capitalwest.ca or shannon@capitalwest.ca.

2.2 The Business

General

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

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

As a mortgage investment corporation under the Income Tax Act, the Issuer is generally permitted to deduct dividends it pays in computing its income. The Issuer intends to pay out all of its net income and net realized capital gains as dividends within the time period specified in the Income Tax Act and as a result, does not anticipate paying any income tax. See "8. Certain Canadian Federal Income Tax Considerations".

The Issuer is registered under the *Mortgage Brokers Act* (British Columbia) to carry on business as a mortgage investment corporation in 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 jurisdictions of Canada, when business conditions justify the geographic expansion.

As of the date of this Offering Memorandum, the Preferred Shares are sold to investors resident in British Columbia through Capital West Mortgage Investor Services Inc. ("**CWMIS**"), a firm registered as an exempt market dealer with the British Columbia Securities Commission that is related to the Issuer and the Manager as described below. See "5. Securities Offered – 5.3 Statutory Exemptions Relied Upon by the Issuer". CWMIS is a private British Columbia company established for the purpose of carrying out activities related to the sale of Preferred Shares and the sale of interests in syndicated mortgage loans originated, structured and administered by the Manager or the Issuer.

The Issuer is a "connected issuer" and a "related issuer", within the meaning of applicable securities legislation, of CWMIS and the Manager given the relationship among the Issuer, CWMIS and the Manager. Certain directors and officers of CWMIS are also directors, officers and/or shareholders of the Issuer, and in particular, that the Issuer, CWMIS and the Manager have certain common shareholders, directors and officers. See "10.2 Risk Factors – Conflicts of Interest".

Investment Objectives, Policies and Practices

The Board of Directors is responsible for establishing the Issuer's investment objectives, policies and practices. As at the date of this Offering Memorandum, the investment objectives, policies and practices of the Issuer are as follows:

(a) The Issuer will conduct its operations so as to qualify as a "mortgage investment corporation" as defined in section 130.1 of the Income Tax Act.

(b) The Issuer will invest in mortgages on residential properties such as single-family dwellings, duplexes, townhouses, condominium units, land or multiple family dwellings such as apartment buildings. Additionally, the Issuer will invest in mortgages on commercial and industrial property, including properties under construction.

(c) The Issuer relies on the experience of the Manager to assess risk and underwrite a loan to determine that the borrower has the ability to repay a mortgage.

(d) 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.

(e) 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, will exceed 10% of the book value of the assets of the Issuer at funding, unless firm takeout commitments are in place or unless approved by a two-thirds majority of the Board of Directors of the Issuer, excluding directors that have been formally excused from such approval. This restriction does not apply to obligations of Canadian municipal, provincial and federal governments and government agencies.

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

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

(h) Mortgage loans in amounts up to $500,000 may be approved by the Vice President - Alternative Lending, an employee of the Manager.

(i) Mortgage loans in amounts up to $1,000,000 may be approved by any one member of the management team, comprised of directors of the Issuer as appointed by the Board of Directors.

(j) Mortgage loans in amounts of more than $1,000,000 and up to $3,000,000 must be approved by a majority of the Loan Management Committee, comprised of directors of the Issuer as appointed by the Board of Directors.

(k) Mortgage loans in excess of $3,000,000 must be approved by a two-thirds majority of the Board of Directors of the Issuer, excluding directors that have been formally excused.

(l) The Issuer requires a current appraisal with every new mortgage application unless otherwise directed by the directors of the Issuer (appraisals on renewal mortgage applications are done on a case-by-case basis), such appraisal to be prepared by a member of the Accredited Appraisal Canadian Institute or a Canadian Residential Appraiser.

(m) 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.

(n) Renewals of existing mortgage loans may be granted to a borrower at the discretion of the Issuer.

The Issuer's investment objectives, policies and practices and strategies may be changed from time to time by Board of Directors, in its discretion.

2.3 Development of Business

The Issuer has retained Capital West Mortgage Inc. (defined above as the "**Manager**") to manage the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. For further information, see "3. Management of the Issuer – 3.5 The Manager".

Portfolio Development

As noted above, the Manager manages the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. See "3. Management of the Issuer – 3.5 The Manager". Utilizing the services of the Manager, the Issuer intends to develop its mortgage portfolio through the following activities:

(a) **Agency origination –** The Manager may use qualified market intermediaries to assist in identifying mortgage investment opportunities consistent with the Issuer's investment policies. These intermediaries will be experienced mortgage brokers who have demonstrated their ability to supply mortgage loans within the parameters of the Issuer's lending criteria.

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

For more information on the directors and officers of the Manager, see "3. Management of the Issuer – 3.6 Directors, Officers and Principal Shareholders".

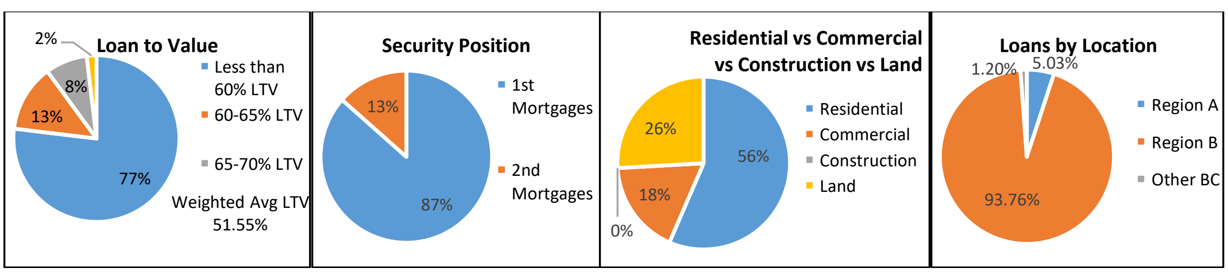
Portfolio Summary

The following table provides a comparative analysis of the Issuer's mortgage portfolio as at the dates indicated.

	As at November 30				
	2022				
Description	**# of Loans**	**Value**	**As a %**	**Rate**	**Weighted Avg LTV**
Total portfolio	**162**	**$210,016,955**	**100%**	**10.09%**	**52.56%**
First mortgage	121	$184,616,054	87.91%	9.84%	51.88%
Second mortgage	41	$25,400,901	12.09%	11.90%	57.49%
	2023				
Total portfolio	**155**	**$219,344,093**	**100%**	**11.37%**	**51.87%**
First mortgage	111	$188,664,404	86.01%	11.27%	50.83%
Second mortgage	44	$30,679,689	13.99%	12.01%	58.24%
	As at February 29				
	2024				
Description	**# of Loans**	**Value**	**As a %**	**Rate**	**Weighted Avg LTV**
Total portfolio	**168**	**$241,526,924**	**100%**	**11.34%**	**51.55%**
First mortgage	121	$208,972,589	86.52%	11.25%	50.51%
Second mortgage	47	$32,554,335	13.48%	11.94%	58.24%

Description	As at November 30						As at February 29		
	2022			2023			2024		
	# of Loans	Value	As a %	# of Loans	Value	As a %	# of Loans	Value	As a %
Loans on commercial properties	8	$37,160,000	17.69%	10	$38,475,391	17.54%	11	$42,475,391	17.59%
Loans on land only	10	$37,173,561	17.70%	12	$53,366,890	24.33%	13	$62,629,495	25.93%
Single family residential	144	$135,683,394	64.61%	133	$127,501,82	58.13%	144	$136,422,038	56.48%
Loan/value ratio 75% or less	162	$210,016,955	100%	155	$219,344,093	100%	168	$241,526,924	100%
Loan/value ratio > 75%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Average loan size		$1,296,401			$1,415,123			$1,437,660	
Average maturity date		July 22, 2023			June 26, 2024			September 22, 2024	
Loan with 90 days overdue payments	1	$1,196,158	0.57%	3	$10,669,782	4.86%	4	$11,388,952	4.72%
Amortizing loans	50	$27,951,731	13.31%	45	$26,777,357	12.21%	46	$28,379,468	11.75%
Interest only loans	112	$182,065,224	86.69%	110	$192,566,736	87.79%	122	$213,147,456	88.25%
Region A (1)	15	$10,831,470	5.16%	16	$11,100,516	5.06%	18	$12,157,872	5.03%
Region B (2)	142	$194,250,281	92.49%	134	$206,054,577	93.94%	144	$226,465,052	93.76%
Other BC	5	$4,935,204	2.35%	5	$2,189,000	1.00%	6	$2,904,000	1.21%

(1) Region A is defined as Kelowna, Victoria, Maple Ridge, Pitt Meadows, Mission, Whistler, Squamish, Ladner and Tsawwassen.
(2) Region B is defined as Vancouver, West Vancouver, North Vancouver, Anmore, Belcarra, Burnaby, Coquitlam, Port Coquitlam, Port Moody, Delta, Langley, New Westminster, Richmond, Surrey and White Rock.



Graphs as of February 29, 2024

Portfolio Performance

Growth Rates

The following table reflects the annual growth rate of the mortgage portfolio of the Issuer for the last ten years as at each fiscal year end which is November 30th, unless otherwise indicated.

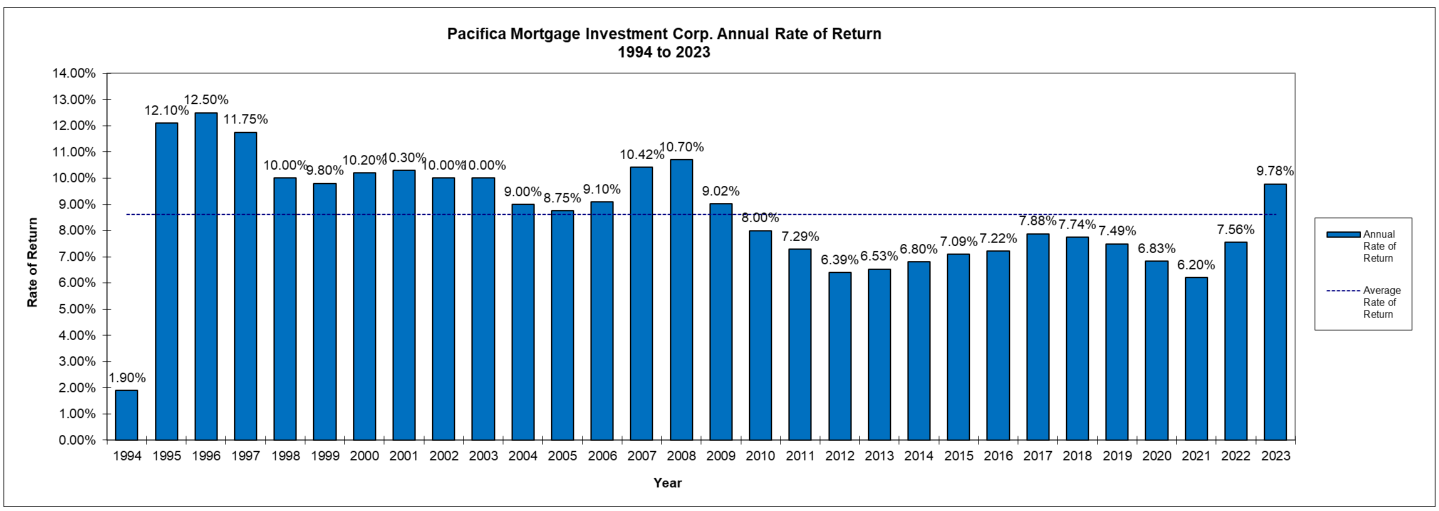
Fiscal Year / Period	Value of Mortgage Portfolio	Annual Growth Rate
2014	$69,540,245	12.33%
2015	$73,748,546	6.05%
2016	$110,968,988	50.47%

Fiscal Year / Period	Value of Mortgage Portfolio	Annual Growth Rate
2017	$134,857,618	21.53%
2018	$145,204,371	7.67%
2019	$152,809,206	5.24%
2020	$142,854,792	(6.51)%
2021	$219,040,908	53.33%
2022	$210,016,955	(4.12)%
2023	$219,344,093	4.44%
2024 Interim Period(1)	$241,526,924	10.11%

(1) Information for 2024 reflects only the three months ended February 29, 2024.

Historical Returns

The graph below shows the annual rate of return of the Issuer since inception as at each fiscal year end which is November 30th. The annual rate of return for each fiscal year is determined based on the Issuer's adjusted net income for the year divided by the weighted average number of outstanding Preferred Shares for the year. The rate of return is net of all management fees and operating expenses of the Issuer. **Past performance is not indicative of future returns.**



Ongoing Disclosure

As of the date of this Offering Memorandum, other than the information contained in this Offering Memorandum, the Issuer does not provide purchasers with any other disclosure about the Issuer's portfolio.

Major Events or Conditions

As at the date of this Offering Memorandum, the economic outlook in markets where the Issuer carries on business remains uncertain as a result of persistent economic pressures, including elevated inflation, rising interest rates, the risk of recession and diminished investor sentiment. These factors may impact the Issuer's mortgage portfolio during 2024. The Manager will continue to monitor these matters and their influence on the development and financial condition of the Issuer.

Other than as noted above, as of the date of this Offering Memorandum there are no major events that have occurred or conditions that have influenced, whether favourably or unfavourably, the development or financial conditions of the Issuer's business over the past two recently completed fiscal years.

Distributions

Although the Issuer intends to make distributions of available cash to its investors, these cash distributions are not assured. The actual amount distributed depends on numerous factors, including performance of the Issuer's mortgage portfolio, lending competition for private mortgages changes in mortgage interest rates, working capital requirements, future capital requirements and general economic activity. Past cash distributions were funded from mortgage interest and fee revenue streams and it is expected that future cash distributions will also be funded from mortgage interest and fee revenue streams.

Demand Operating Credit Facility

Under the terms of a Demand Operating Credit Facility Agreement dated May 15, 2023 between the Issuer and a Canadian Schedule I bank, the Issuer may borrow up to a maximum of $75,000,000 subject to certain terms and conditions. The credit facility is repayable on demand and bears interest at the lender's prime rate of interest plus 0.50% per annum or Canadian Dollar Offered Rate (CDOR) plus 2.00% per annum with varying maturity options and collateralized by a first charge on all of the Issuer's assets and undertakings.

The Issuer intends to use the facility to fund the purchase of mortgages where deemed appropriate by the Manager.

As at March 29, 2024, $38,615,364.18 was drawn down under this facility. As at the date of this Offering Memorandum, the Issuer was in compliance with all required financial covenants under this facility.

2.4 Long-Term Objectives

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

2.5 Short-Term Objectives

The short-term objectives of the Issuer for the next 12 months are to maintain a yield that out-paces traditional bank sources without substantial risk to investor's principal.

The Issuer intends to do the following to meet these short-term objectives:

Actions to be taken	Target completion date (or, if not known, number of months to complete)	Cost to complete
Continue raising funds through the sale of Preferred Shares by sourcing investments from potential purchasers through arm's length third parties, and contacts of the Issuer and the Manager and their respective directors, officers and employees	Ongoing	$25,000 (1)

Source and invest in mortgages and other qualified investments originated by the Manager or other qualified market intermediaries, and administer the Issuer's portfolio of investments through the Manager	Ongoing as funds are raised and mortgages are retired and replaced from time to time	See note [(2)]

(1) Estimated costs for legal, audit and other professional services and other matters associated with the issuance of Preferred Shares.

(2) It is not possible to accurately estimate the costs of sourcing and investing in mortgages and other qualified investments. The costs of administering investments are borne by the Manager. As part of its duties, the Manager is responsible for sourcing and investing in mortgages and other qualified investments, and for administering the Issuer's portfolio of investments. As consideration for these services, the Manager receives a management fee. See "1.2 Use of Available Funds", "3. Management of the Issuer – 3.5 The Manager", "- 3.7 Management Agreement" and "- 3.8 Management Fees and Other Expenses of the Issuer".

2.6 Insufficient Funds

The funds available as a result of this offering may not be sufficient to accomplish all of the Issuer's proposed objectives over the next 12 months. There are no assurances that alternative financing will be available. See "2.3 Development of Business – Demand Operating Credit Facility".

2.7 Material Contracts

The material contracts of the Issuer are as follows:

1. The Management Agreement dated for reference December 1, 2021, as amended by an agreement made January 25, 2022, between the Issuer and the Manager under the terms of which the Manager manages the Issuer's mortgage investments and provides certain financial and administrative services to the Issuer. See "3. Management of the Issuer – 3.7 Management Agreement".

2. The Demand Operating Credit Facility Agreement dated, May 15, 2023, between the Issuer and a Canadian Schedule I bank under the terms of which such financial institution agreed to provide a demand operating lending facility to the Issuer. See "2.3 Development of Business – Demand Operating Credit Facility".

3. The service agreement dated January 1, 2022 between the Issuer and CWMIS under the terms of which CWMIS provides certain services relating to the sale of Preferred Shares. See "10.2 Conflicts of Interest".

4. The Transfer Agent and Registrar Agreement made as of September 19, 2023 between the Issuer and Odyssey Trust Company under the terms of which Odyssey Trust Company provides transfer agent services and other administrative services to the Issuer. See "3. Management of the Issuer – 3.9 Transfer Agent and Registrar.

A description of the key terms of these contracts are described in this Offering Memorandum in the sections noted above. Copies of these contracts 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.

3. MANAGEMENT OF THE ISSUER

The Board of Directors of the Issuer is responsible for managing or supervising the management of the business and affairs of the Issuer, subject to the provisions of the *Business Corporations Act* (British Columbia) and the regulations thereunder and the Issuer's articles. These responsibilities include establishing and implementing the Issuer's investment objectives, policies and practices and setting limitations or restrictions on investments. See "2.2 The Business – Investment Objectives, Policies and Practices".

As noted above, the Issuer has retained Capital West Mortgage Inc. (defined above as the "**Manager**") to manage the Issuer's mortgage investments and provide certain financial and administrative services to the Issuer. The Manager's responsibilities include monitoring the performance of the Issuer's mortgage portfolio and making adjustments to the mortgage portfolio as may be required from time to time. For more information on the directors and officers of the Manager, see "3. Management of the Issuer – 3.6 Directors, Officers and Principal Shareholders".

3.1 Directors, Officers, Promoters and Principal Shareholders of the Issuer

The names, municipalities of residence, position held and shareholdings of and certain other information relating to 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 ("**principal holders**"), are as follows.

Full legal name and place of residence or, if not an individual, jurisdiction of organization	Position held / Relationship to Issuer / Date of obtaining position	Compensation paid by Issuer or related party in financial year ended Nov. 30, 2023 / Anticipated compensation expected to be paid by Issuer or related party in financial year ended Nov. 30, 2024	Number, type and % of securities of the Issuer held as at March 29, 2024	Number, type and % of securities of the Issuer held after the offering
Sidney Lawrence Rubin Richmond, B.C.	President and Managing Director / 1994	Nil / Nil (1)	50 Common shares (25%) (2) 1,018,598.95 Preferred Shares (0.50%) (2)	Unknown (3)
Shannon Tara Hillman Delta, B.C.	Managing Director / 2003	Nil / Nil (1)	50 Common shares (25%) (2) 12,903.42 Preferred Shares (0.01%)	Unknown (3)
Daymon William Eng Vancouver, B.C.	Director / 2008	Nil / Nil (1)	50 Common shares (25%) (2) 1,997,778.52 Preferred Shares (0.98%) (2)	Unknown (3)
David (Jerry) Jaroslaw Szakun Delta, B.C.	Director / 1994	Nil / Nil	582,731.26 Preferred Shares (0.29%) (2)	Unknown (3)
Steve Keith Canning Vancouver, B.C.	Director/ 2015	Nil / Nil	318,762.78 Preferred Shares (0.16%) (2)	Unknown (3)
Alan Arvid Frydenlund Coquitlam, B.C.	Director / 1994	Nil / Nil	893,941.37 Preferred Shares (0.44%) (2)	Unknown (3)
John Robert Nation Vancouver, B.C.	Director / 1998	Nil / Nil	656,127.97 Preferred Shares (0.32%) (2)	Unknown (3)
William (Bill) Howard Keen North Vancouver, B.C.	Director / 2011	Nil / Nil	137,368.95 Preferred Shares (0.07%) (2)	Unknown (3)
Michael Mundy Chiu Vancouver, B.C.	Shareholder / 2006	Nil / Nil	50 Common shares (25%) (2) 250,000 Preferred Shares (0.12%) (2)	Unknown (3)
Capital West Mortgage Inc. (4)	Promoter / 1994	(5) / Unknown	Nil	Nil

(1) Sidney Rubin, Shannon Hillman and Daymon Eng are employed by the Manager and receive compensation from the Manager in relation to the services they provide to the Manager. As of the date of this Offering Memorandum, none of Sidney Rubin, Shannon Hillman and Daymon Eng receive any compensation from CWMIS in relation to the registerable activities they perform through CWMIS.

(2) Includes shares held directly or indirectly.

(3) The directors and officers of the Issuer may acquire additional securities of the Issuer; however, the number and type of securities, if any, which may be acquired is not known.

(4) As of the date of this Offering Memorandum, no person has beneficial ownership of, or direct or indirect control over, or a combination of beneficial ownership and direct or indirect control over, more than 50% of the voting rights of Capital West Mortgage Inc.

(5) As consideration for the services provided by the Manager under the Management Agreement, the Issuer has agreed to pay the Manager a management fee. For the fiscal year ended November 30, 2023, the Issuer paid a management fee of $4,616,880.08 to the Manager. See "3.8 Management Fees and Other Expenses of the Issuer".

As at the date of this Offering Memorandum, the directors and officers of the Issuer, as a group and including their spouses and other related persons, own 150 of the Common shares of the Issuer ("**Common Shares**"), representing 75% of the 200 Common Shares issued and outstanding on such date. Michael Chiu owns 50 Common Shares, representing the remaining 25% of such issued and outstanding Common Shares.

As at the date of this Offering Memorandum, the directors and officers of the Issuer, as a group and including their spouses and other related persons, own 11,580,019.29 Preferred Shares, representing 5.68% of the 203,780,920.81 Preferred Shares issued and outstanding on such date. It is intended that other persons may be added to the group of directors and officers of the Issuer from time to time depending upon their expertise or financial involvement in the business and affairs of the Issuer.

The Issuer has granted an indemnity to each of its 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.

3.2 Management Experience

A description of the principal occupations of the Issuer's directors and executive officers over the past five years and their relevant experience associated with their principal occupations is set out below.

Full Legal Name	Principal occupation and description of experience associated with the occupation
Sidney Lawrence Rubin	***President and Managing Director*** Sidney is the President and a Managing Director of the Issuer, and has served in those roles since the Issuer's inception in 1994. Sidney has spent more than three decades working in the real estate financing field. A founding partner of the Manager 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 a Bachelor of Commerce from the University of British Columbia. Sidney is active in the community, and is involved in numerous charitable causes. Sidney also is a director and the President of CWMIS, and serves as a dealing representative of CWMIS, a firm registered with the British Columbia Securities Commission ("**BCSC**") as an exempt

Full Legal Name	Principal occupation and description of experience associated with the occupation
	market dealer that is responsible for selling Preferred Shares to investors.
Shannon Tara Hillman	***Managing Director*** Shannon has been a director of the Issuer since 2003 and was appointed Managing Director in 2010. Shannon has over 30 years of real estate finance experience in the residential and alternative mortgage fields. She is a founding partner and a director of the Manager. She is a past director of the BC MIC Managers Association and a current board member, and co-chair of the BC Committee of the Canadian Alternative Lenders Association. Shannon is a director, the Chief Executive Officer and the Ultimate Designated Person of CWMIS, a firm registered with the BCSC as an exempt market dealer responsible for selling Preferred Shares to investors.
Daymon William Eng	***Director*** Daymon has served as a director of the Issuer since 2008. 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 and director of the Manager and specializes in commercial mortgage brokerage, joint ventures, equity syndications and origination of large alternative loans. He obtained his Bachelor of Commerce Degree in Finance from the University of British Columbia. Daymon is a director and the Chief Compliance Officer of CWMIS, and serves as a dealing representative of CWMIS, a firm registered with the BCSC as an exempt market dealer that is responsible for selling Preferred Shares to investors.
David Jaroslaw (Jerry) Szakun	***Director*** Jerry has been a director of the Issuer since its inception in 1994 and brings over 30 years of experience in residential mortgage brokerage and private mortgage lending. He was on the Advisory Committee of Edelweiss Credit Union from 1993 to 1995, and a Vice President of the Polish Credit Union from 1986 to 1993. Jerry has a Bachelor of Business Administration from Simon Fraser

Full Legal Name	Principal occupation and description of experience associated with the occupation
	University and is a businessman who invests in real estate and manages his real estate holdings.
Steve Keith Canning	***Director*** Steve became a director of the Issuer in March 2015. Steve has been in the financial services industry since the 1970s, having worked for several financial institutions. Steve is a licensed mortgage broker with Capital West Mortgage (Canning) Inc., a company wholly-owned by Steve. Prior to joining the Manager, Steve spent 23 years at BlueShore Financial, working in various departments including branch management, broker services and business development. From 2005 to 2014, his position at BlueShore Financial was Assistant Vice President, Business Development, and in that position, he was responsible for BlueShore Financial's non-traditional residential loan portfolio. He specializes in real estate loans and mortgages, and has developed an excellent reputation amongst the mortgage community.
Alan Arvid Frydenlund, K.C.	***Director*** Alan has served as a director of the Issuer since its inception in 1994. Alan is a member of Owen Bird Law Corporation and is a real estate lawyer with over 40 years of experience. Alan practises in mortgage security perfection and realization work. Alan graduated from the University of Victoria Law School and was called to the British Columbia. Bar in 1983 and the Yukon Bar in 1992.
John Robert Nation	***Director*** John has been a director of the Issuer since 1998. John has over 35 years of experience in the mortgage industry and has held various management positions at several Canadian trust companies as well as a national bank. He has acquired substantial experience in the underwriting and administration of residential and commercial properties, including realization workouts and project development financing. After 15 years of service, he retired from Peoples Trust Company in December 2017 as Assistant Vice President, Mortgage Administration.
William (Bill) Howard Keen	***Director*** Bill has served as director of the Issuer since 2011. In July 2017, after 12 years with the organization, Bill retired from his position as Chief Financial

Full Legal Name	Principal occupation and description of experience associated with the occupation
	Officer of BlueShore Financial. In this role, he was responsible for leading BlueShore Financial's finance, treasury and administration operations as well as group businesses (commercial lending, credit, broker services, BlueShore Capital Corp. and leasing). Prior to joining BlueShore Financial, Bill was the Executive Vice President and Chief Operating Officer at Northstar Trade Finance. He has also worked as a Corporate Finance Partner at Goepel Shields & Partners Inc. (an investment banking firm), as Chief Financial Officer and Senior Vice President, Finance at Surrey Metro Savings Credit Union (Coast Capital Savings' predecessor) and in a number of senior management positions for a large, publicly listed, multinational, mining and industrial group, based in South Africa. Bill obtained his FCA from the Institute of Chartered Accountants in England and Wales, his Masters of Business Administration from the University of The Witwatersrand in South Africa and his Canadian Securities Course with Honours from the Canadian Securities Institute. He also holds the designation ICD.D from the Institute of Corporate Directors and was named BC Chief Financial Officer of the Year in 2012 by Business in Vancouver. Bill is a past director of corporate boards and currently serves on the board of directors for a non-profit organization.

3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

There are no penalties or other sanctions imposed by a court or regulatory body relating to a contravention of securities legislation, or any order restricting that trading in securities, not including an order that was in effect for less than 30 consecutive days, that occurred during the 10 years preceding the date of this Offering Memorandum against: (i) a director, executive officer or control person of the Issuer; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that occurred during the 10 years preceding the date of this Offering Memorandum with regard to any: (i) director, executive officer or control person of the Issuer; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

None of the Issuer or a director, executive officer or control person of the Issuer have pled guilty to or been found guilty of: (i) a summary conviction or indictable offence under the *Criminal Code* (Canada); (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (iv) an offence under the criminal legislation of any other foreign jurisdiction.

3.4 Certain Loans

As at the date of this Offering Memorandum, to the knowledge of the Issuer, there are no debentures, bonds or loan agreements between the Issuer and any of the directors, management, promoters, principal holders of the Issuer or any other related party to the Issuer.

3.5 The Manager

As noted above, the Issuer has retained Capital West Mortgage Inc. (defined above as the "**Manager**") to manage the Issuer's mortgage investments and provide certain financial and administrative services to the Issuer. For a description of the Management Agreement (defined below) setting out the terms on which the Manager provides services to the Issuer, see "3.7 Management Agreement".

The Manager was incorporated under the *Company Act* (British Columbia) (now the *Business Corporations Act* (British Columbia)) on October 30, 2000. The principal office of the Manager is Suite 1050 – 475 West Georgia Street, Vancouver, British Columbia V6B 4M9.

The Manager is a member of the Mortgage Brokers Association of British Columbia, the Mortgage Investment Association of British Columbia, the British Columbia MIC Managers Association and the Canadian Alternative Mortgage Lenders Association.

3.6 Directors, Officers and Principal Shareholders of the Manager

The Manager is owned by Sidney Rubin, Shannon Hillman, Daymon Eng and Michael Chiu through personal holding companies.

The directors and officers of the Manager are as follows:

Name and municipality	**Position**	**Principal occupation and related experience**
Sidney Lawrence Rubin Richmond, B.C.	President and director	Mortgage broker [1]
Shannon Tara Hillman Delta, B.C.	Secretary and director	Mortgage broker [1]
Daymon William Eng Vancouver, B.C.	Director	Mortgage broker [1]
Michael Mundy Chiu Vancouver, B.C.	Director	Mortgage broker

(1) For further information, see above under "3.2 Management Experience".

3.7 Management Agreement

Pursuant to a Management Agreement dated for reference December 1, 2021 (the "**Management Agreement**") between the Issuer and the Manager, the Issuer retained the Manager to manage the Issuer's mortgage investments and provide certain financial and administrative services to the Issuer.

Services Provided

Under the terms of the Management Agreement, as amended, the Issuer retained the Manager as the sole and exclusive manager of the Issuer's mortgage portfolio and to perform the following services:

(a) evaluating mortgage loan applications and determining the risk involved with a particular mortgage loan;

(b) screening prospective borrowers;

(c) originating and administering mortgages and security interests in real property;

(d) establishing suitable mortgage loan terms and conditions;

(e) quantifying the risks involved and setting appropriate rates and terms for the mortgages;

(f) 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

(g) providing administrative services required by the Issuer in carrying on the business of a mortgage investment corporation, specifically with respect to the issuance and renewal of mortgages.

Standard of Care and Liability

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 Issuer has agreed to indemnify the Manager against any action, cause of action, suit, damage, debt, cost, expense, claim or demand whatsoever at law or equity relating to the administration of the Issuer's mortgages, except for claims arising by reason of any action taken by the Manager outside the scope of its authority hereunder or by reason of a wrongful or negligent act or omission by the Manager.

Term and Termination

The Management Agreement does not have a fixed term. Under the terms of the Management Agreement, the Management Agreement may be terminated by either party upon 180 days' prior written notice to the other party, and at any other time by mutual agreement of the Issuer and the Manager. In addition, the Management Agreement may be terminated by either party if (i) the other party is in default in any material respect of its obligations under the Management Agreement and such default is not cured within 10 days of receiving notice thereof, or (ii) proceedings in insolvency, bankruptcy, receivership or liquidation are taken against the other party. See "10.2 Risk Factors – Issuer Risk".

Compensation

As consideration for the services provided by the Manager, the Issuer has agreed to pay the Manager the management fee described below under "3.8 Management Fees and Other Expenses of the Issuer". In addition, the Manager is entitled to reimbursement of out of pocket costs for sundry office items as set out in the Management Agreement.

3.8 Management Fees and Other Expenses of the Issuer

As consideration for the services provided by the Manager under the Management Agreement, the Issuer has agreed to pay the Manager a monthly management fee equal to:

(a) 1/12 of 2% of the mortgage receivable balance administered by the Manager on the last day of the month, plus

(b) 25% of all fee income associated with new mortgage loans written by the Issuer during the month

(together, such amounts the "**Management Fee**").

For these purposes, "**fee income**" means the Manager's charge to borrowers with respect to analyzing, underwriting and commitment to fund a mortgage loan. The Management Fee is paid monthly in arrears on or before the first day of each month on the basis of the operations of the Issuer during the previous month, subject to adjustment annually after the end of each fiscal year of the Issuer as necessary to achieve the percentages set out above in accordance with the Issuer's financial statements for that year. In addition to the Management Fee, the Manager is entitled to reimbursement of out of pocket costs for sundry office items as set out in the Management Agreement. From time to time, the Manager may, in its sole discretion, elect to waive all or a portion of the Management Fee that it is entitled to receive and/or to absorb all or a portion of the expenses for which it is entitled to be reimbursed. Any such waiver or absorption shall not oblige the Manager to make similar or other future waivers or absorptions.

The Manager bears the cost of administration of the mortgages in the Issuer's mortgage portfolio, and certain administration and marketing costs.

In addition to the Management Fee, the Issuer also pays the costs of operating its business. These costs 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, interest expenses, auditors' fees, legal fees, fees payable in respect of the issuance and administration of the Issuer's securities, transfer agent fees, the cost of preparation and delivery of financial reports and providing other information to shareholders and regulators, messenger service costs, photocopying costs, costs of land title searches, credit bureau reports, printing costs, survey certificates and postage, long distance telephone charges, accounting fees, real estate commissions, costs of advertisements and promotions, and insurance premiums.

3.9 Transfer Agent and Registrar

The Transfer Agent and Registrar Agreement made as of September 19, 2023 between the Issuer and Odyssey Trust Company ("**Odyssey**") under the terms of which Odyssey provides transfer agent services and other administrative services to the Issuer. As consideration for the services, the Issuer pays Odyssey a fee and reimburses Odyssey for all costs and expenses it incurs in connection with the services. Additionally, pursuant to the terms of the Transfer Agent and Registrar Agreement, the agreement may be terminated by either party upon 90 days' written notice.

4. CAPITAL STRUCTURE

4.1 Share Capital (Securities except for Debt Securities)

The table below sets out the authorized and issued share capital of the Issuer as at the date of this Offering Memorandum.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at March 29, 2024	Number outstanding after minimum offering (1)	Number outstanding after maximum offering (1)
Common Shares (2)	1,000,000	n/a (2)	200	n/a (2)	n/a (2)
Preferred Shares (3)	Unlimited	$1.00	203,780,920.81	n/a	n/a

(1) There is no minimum or maximum offering.

(2) Common Shares are not offered for sale under this Offering Memorandum.

(3) See the section called "5. Securities Offered – 5.1 Terms of Securities" for a description of the material terms of the Preferred Shares.

4.2 Long-Term Debt

As at the date of this Offering Memorandum, the Issuer has no long-term debt.

4.3 Prior Sales

The table below discloses information regarding the Preferred Shares of the Issuer issued within the 12 months before the date of this Offering Memorandum.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Dollar Value of Securities Issued	Price per Security	Total Funds Received
March 2023	Preferred Share	3,609,342.11	$3,609,342.11	$1.00	$3,609,342.11
April 2023	Preferred Share	1,198,786.00	$1,198,786.00	$1.00	$1,198,786.00
May 2023	Preferred Share	781,800.00	$781,800.00	$1.00	$781,800.00
June 2023	Preferred Share	3,877,782.70	$3,887,782.70	$1.00	$3,877,782.70
July 2023	Preferred Share	781,573.00	$781,573.00	$1.00	$781,573.00
August 2023	Preferred Share	445,011.00	$445,011.00	$1.00	$445,011.00
September 2023	Preferred Share	5,415,464.73	$5,415,464.73	$1.00	$5,415,464.73
October 2023	Preferred Share	668,842.00	$668,842.00	$1.00	$668,842.00
November 2023	Preferred Share	2,658,000.00	$2,658,000.00	$1.00	$2,658,000.00
December 2023	Preferred Share	3,751,343.28	$3,751,343.28	$1.00	$3,751,343.28
January 2024	Preferred Share	788,500.00	$788,500.00	$1.00	$788,500.00
February 2024	Preferred Share	2,164,028.00	$2,164,028.00	$1.00	$2,164,028.00
March 1-29, 2024	Preferred Share	6,128,382.86	$6,128,382.86	$1.00	$6,128,382.86

4.4 Principal Holders of Securities of the Issuer

See the section called "3. Management of the Issuer – 3.1 Directors, Officers, Promoters and Principal Shareholders of the Issuer" for a description of the persons that, to the knowledge of the Issuer as at the date of this Offering Memorandum, has beneficial ownership of, direct or indirect control over, 10% or more of any class of voting securities of the Issuer.

5. SECURITIES OFFERED

5.1 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.

Redemption Rights – Issuer

The Issuer may, upon giving notice as provided in the articles of the Issuer, redeem the whole or any part of any class of shares pursuant to the *Business Corporations Act* (British Columbia) in such proportions of the classes of shares of the Issuer as its directors may specify on payment for each share to be redeemed of the redemption price (the "**Redemption Price**"). The Redemption Price for each Common Share and for each Preferred Share will be the amount paid up thereon plus any declared but unpaid dividends.

In any case of redemption of shares by the Issuer, the Issuer will, at least 30 days before the date specified for redemption, which will only be in the first month of any quarter of the Issuer's fiscal year, mail to each registered holder of shares to be redeemed, a notice in writing of the intention of the Issuer to redeem such shares. Such notice will be 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. An accidental failure or omission to give any such notice to one or more of the shareholders will not affect the validity of such redemption as to the other holders.

The notice will set out the Redemption Price and date on which redemption is to take place and the number of shares to be redeemed. On or after the date specified for redemption, the Issuer will pay to the registered holders of the shares to be redeemed, the Redemption Price, provided any certificates representing such shares have been surrendered at the head office of the Issuer (or any other place designated in the notice). If the shares to be redeemed are represented by a certificate and only part of the shares represented by the certificates are redeemed, a new certificate for the balance will be issued. From and after the date specified in any such notice, the shares called for redemption will cease to be entitled to dividends and the holders thereof will not be entitled to exercise any of the rights of shareholders unless payment of the Redemption Price is not made as required, in which case, the rights of the holders will remain unaffected.

The Issuer will have the right at any time after the mailing of the notice of its intention to redeem any shares, to deposit the Redemption Price of the shares represented by certificates and called for redemption, or of the shares represented by certificates and called for redemption that have not at the date of such deposit been surrendered in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in the applicable notice to be paid without interest to the holders of the shares represented by certificates and called for redemption upon surrender to such bank or trust company of the certificates representing the same. Upon deposit being made or upon the date specified for redemption in the notice, whichever is the later, the shares will be redeemed and the rights of the holders after such deposit or such redemption date, will be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against surrender of the certificates held by them. Any interest allowed on such deposit will belong to the Issuer.

Redemption Rights – Holder

In accordance with the articles of the Issuer, holders of Preferred Shares have the right to require the Issuer to redeem all or any portion of their fully paid Preferred Shares at the price of $1.00 per share upon providing the Issuer with 18 months' written notice in advance, subject to certain conditions set forth in the articles. For example, in the event that a holder of Preferred Shares requests a redemption of 100 Preferred Shares, then the aggregate price payable by the Issuer for the redeemed shares would be $100. 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 and the regulations thereunder. See "8. Certain Canadian Federal Income Tax Considerations – The Issuer". In addition, the Issuer would be prohibited under applicable corporate law from paying the redemption price for Preferred Shares in circumstances where the Issuer is insolvent or making the payment would render the Issuer insolvent. The Issuer may, in its discretion from time to time, permit a holder of Preferred Shares to redeem all or a portion of their Preferred Shares on less than 18 months' notice, subject to such terms and conditions as the Issuer determines in its discretion.

Dividend Entitlement

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. Declaration of dividends in each fiscal year will be declared and paid in accordance with the following:

(a) In any fiscal year, no dividend will be declared on the Common Shares unless and until dividends have been declared on the Preferred Shares as described below.

(b) The holders of the Preferred Shares will be entitled to receive, when declared by the Issuer's directors, and the Issuer will pay out of monies of the Issuer properly applicable to the payment of dividends, preferential dividends in such amounts per share as the directors in their absolute discretion deem appropriate.

(c) After such Preferred Share dividends are declared, the holders of Common Shares will 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 the fiscal year. After the declaration of such Common Share dividend, for the balance of the fiscal year the Preferred Shares and Common Shares will participate equally, on a per share basis, with respect to any further dividends declared.

(d) The Issuer intends to declare and distribute dividends quarterly when circumstances permit.

Holders of Preferred Shares may elect to receive their dividends either in cash or in additional Preferred Shares by providing written notice of their election to the Issuer at least 30 days before the date the election is to take effect. If no election is made, dividends will be paid in cash.

For further information, see "8. Certain Canadian Federal 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:

(a) The holders of the Preferred Shares will 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 will be entitled to receive rateably an amount equal to the aggregate amount paid up on the shares held by them.

(b) After the Issuer has made the distributions contemplated by paragraph (a) above, the holders of the Preferred Shares will 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 will 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 (a) above.

(c) Any amount to be distributed to holders of any class of shares pursuant to paragraphs (a) and (b) above will be distributed *pari passu* among all holders of shares of each class.

Constraints on Transferability

Under paragraph 130.1(6)(d) of the Income Tax Act, a mortgage investment corporation is not permitted to have fewer than 20 shareholders and no shareholder may be a “specified shareholder” as described below under “8. Certain Canadian Federal Income Tax Considerations”. For these purposes, a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four shareholders for the purpose of determining the number of shareholders and one shareholder for the purpose of determining if a shareholder is a specified shareholder. Further, a trust governed by a registered retirement savings plan, registered retirement income fund or tax-free savings account is generally counted as one shareholder for the purpose of determining the number of shareholders and for determining if a shareholder is a specified shareholder. **Subscribers for Preferred Shares are required to confirm their knowledge of these restrictions at the time they subscribe for Preferred Shares.**

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 “12. Resale Restrictions” for a description of further restrictions on the transferability of the Issuer’s Preferred Shares.

5.2 How to Invest in Preferred Shares

Preferred Shares, having a par value of $1.00 each at a price of $1.00 per Preferred Share, are offered in reliance on exemptions from the prospectus requirements under applicable securities laws. As of the date of this Offering Memorandum, the Preferred Shares are available only through CWMIS, and in the future, may be available through other registered dealers.

A person wishing to subscribe for Preferred Shares must deliver the following documents to the Issuer (through CWMIS or another registered dealer authorized to sell Preferred Shares) at the address shown in the Subscription Agreement:

(a) an executed Subscription Agreement in the form provided by the Issuer (or the Manager or CWMIS on its behalf);

(b) if the person is purchasing Preferred Shares in reliance on the “offering memorandum” prospectus exemption under National Instrument 45-106 *Prospectus Exemptions* (“**National Instrument 45-106**”), a completed and executed Form 45-106F4 *Risk Acknowledgment* in the form attached to the Subscription Agreement or as otherwise provided by the Issuer (or the Manager or CWMIS on its behalf) (one copy of which is to be retained by subscribers for their records);

(c) if the person is an “accredited investor” within the meaning of National Instrument 45-106 and is purchasing Preferred Shares in reliance on the “accredited investor” prospectus exemption under National Instrument 45-106, a completed and executed accredited investor certificate in the form provided by the Issuer and, if the person is an individual, a completed and executed Form 45-106F9 *Form for Individual Accredited Investors* (one copy of which is to be retained by subscribers for their records); and

(d) a certified cheque or bank draft made payable to “Pacifica Mortgage Investment Corporation” in the amount of the subscription price for the Preferred Shares or, at the option of the person if the person has requested to receive a certificate representing the Preferred Shares, 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.

In accordance with the requirements of National Instrument 45-106, the Manager, on behalf of the Issuer, 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. The Issuer may waive or adopt other minimums in its discretion from time to time subject to the requirements of applicable securities laws.

This offering is not subject to any minimum subscription level, and therefore any funds received from an investor are available to the Issuer and need not be refunded to the investor.

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, in whole or in part, 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.

The Issuer operates under a direct registration system ("**DRS**"). Instead of receiving a physical share certificate to represent your Preferred Shares, the Preferred Shares are registered in your name and recorded electronically in the Issuer's books and records held by Odyssey Trust Company. The Issuer believes that DRS is the safest and most convenient way to hold your Preferred Shares; however, shareholders may request a physical share certificate representing any or all of their Preferred Shares.

Within a reasonable time following the acceptance of a subscription by the Issuer, Odyssey Trust Company will issue a DRS advice or DRS statement evidencing the issuance of the Preferred Shares, or, if requested, share certificates representing the Preferred Shares registered in the name of the subscriber.

5.3 Statutory Exemptions Relied Upon by the Issuer

The Preferred Shares are being offered on a continuous basis in reliance on exemptions from the prospectus and, in certain circumstances registration, requirements under applicable securities laws. In particular, as at the date of this Offering Memorandum, the Preferred Shares are being offered to investors resident in British Columbia who receive this Offering Memorandum and provide the required risk acknowledgement in reliance on the "offering memorandum" prospectus exemption in section 2.9 of National Instrument 45-106. Preferred Shares may also be offered to investors resident in other Canadian jurisdictions in reliance on the "offering memorandum" prospectus exemption in section 2.9 of National Instrument 45-106, to investors resident in any Canadian jurisdiction who qualify as an "accredited investor" in reliance on the "accredited investor" prospectus exemption in section 2.3 of National Instrument 45-106, to investors (who are not individuals) who purchase Preferred Shares with an aggregate purchase price of not less than $150,000 in reliance on the "minimum amount investment" prospectus exemption in section 2.10 of National Instrument 45-106, and to other investors where permitted under applicable securities laws. The Preferred Shares are sold to investors resident in British Columbia through CWMIS. For further information, see "2. Business of the Issuer – 2.2 Our Business – General" and "10.2 Conflicts of Interest".

Subscriptions for Preferred Shares are subject to acceptance by the Issuer, and the Issuer reserves the right to accept or reject subscriptions from any investor for any reason, including on the basis that it is impossible or impractical to comply with applicable securities or other laws in relation to a proposed investment in Preferred Shares.

6. REDEMPTION REQUESTS

Holders of Preferred Shares have the right to require the Issuer to redeem all or any portion of their fully paid Preferred Shares in the circumstances described under "5. Securities Offered – 5.1 Terms of Securities – Redemption Rights - Holder". The tables below disclose information regarding the redemption of Preferred Shares during each of the two most recently completed financial years ended November 30, 2022 and 2023, and for the subsequent interim period ending February 29, 2024. All Preferred Shares were redeemed at a price of $1.00 per share.

Redemptions in Two Most Recently Completed Financial Years

Description of Security	Date of End of Financial Year	Number of Securities with Outstanding Redemption Requests on the First Day of the Year	Number or Securities for which Investors Made Redemption Requests During the Year	Number of Securities Redeemed During the Year	Source of Funds Used to Complete the Redemptions	Number of Securities with Outstanding Redemption Requests on the Last Day of the Year
Preferred Share	November 30, 2022	0.00	9,563,269.47	9,563,269.47	Portfolio assets	Nil
Preferred Share	November 30, 2023	0.00	10,668,715.72	10,668,715.72	Portfolio assets	Nil

Redemptions in Interim Period since Financial Year End

Description of Security	Beginning and End Dates of Period	Number of Securities with Outstanding Redemption Requests on the First Day of the Period	Number or Securities for which Investors Made Redemption Requests During the Period	Number of Securities Redeemed During the Period	Source of Funds Used to Complete the Redemptions	Number of Securities with Outstanding Redemption Requests on the Last Day of the Period
Preferred Share	December 1, 2023 – February 29, 2024	0.00	1,115,236.12	1,115,236.12	Portfolio assets	Nil

During the two most recently completed financial years ended November 30, 2022 and 2023, and the subsequent interim period ending February 29, 2024, the Issuer honoured all redemption requests received. See the section called "5. Securities Offered – 5.1 Terms of Securities" for a description of the redemption rights attributable to the Preferred Shares.

7. CERTAIN DIVIDENDS OR DISTRIBUTIONS

During the two most recently completed financial years ended November 30, 2022 and 2023, the Issuer did not pay any dividends or distributions that exceeded the Issuer's cash flow from operations. See the section called "5. Securities Offered – 5.1 Terms of Securities" for a description of the dividend rights attributable to the Preferred Shares.

8. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Counsel to the Issuer has prepared the following which is, as of the date hereof, a fair and accurate summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Preferred Shares by certain eligible investors who acquire Preferred Shares pursuant to this Offering Memorandum. This summary is generally applicable to an eligible investor who, for the purposes of the *Income Tax Act* (Canada) (defined above as the "**Income Tax Act**") and at all relevant times (a) is resident in Canada, (b) deals at arm's length with and is not affiliated with the Issuer, and (c) holds Preferred Shares as capital property. Generally, the Preferred Shares will be considered to be capital property to an eligible investor provided that the eligible investor does not hold such Preferred Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

Certain eligible investors who might not otherwise be considered to hold their Preferred Shares as capital property may, in certain circumstances, be entitled to have the Preferred Shares, and all other "Canadian securities" (as defined in the Income Tax Act) owned or subsequently acquired by such eligible investor, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Income Tax Act. Such eligible investors should consult their own tax advisors as to whether such election is available and advisable, having regard to their own particular circumstances.

This summary does not apply to an eligible investor (a) that is a "financial institution" for the purposes of the "mark-to-market" rules contained in the Income Tax Act, (b) that is a "specified financial institution" (within the meaning of the Income Tax Act), (c) that reports its "Canadian tax results" (within the meaning of the Income Tax Act) in a currency other than Canadian currency, (d) an interest in which is, or for whom a Preferred Share would be, a "tax shelter investment" (within the meaning of the Income Tax Act), or (e) that enters into a "derivative forward agreement" or "synthetic disposition arrangement" (within the meaning of the Income Tax Act) in respect of Preferred Shares.

This summary is based on the current provisions of the Income Tax Act, counsel's understanding of the current administrative policies and assessing practices of the CRA published by it in writing prior to the date hereof and all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Preferred Shares and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Preferred Shares. Moreover, the income and other tax consequences of acquiring, holding or disposing of Preferred Shares will vary depending on an eligible investor's particular circumstances, including the province or territory in which the eligible investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular eligible investor. You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

The Issuer

The following summary is based on the assumption that the Issuer meets certain requirements under the Income Tax Act in order to qualify as a "mortgage investment corporation" thereunder. If the Issuer were not to qualify as a "mortgage investment corporation" at any time, the income tax considerations would be materially different from those described below.

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, it satisfies the following conditions:

(a) it was a Canadian corporation (as defined in the Income Tax Act);

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

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

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

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

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

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

(d) there were 20 or more shareholders of the corporation and no person was a specified shareholder (as defined below) of the corporation for the purposes of paragraph 130.1(6)(d) of the Income Tax Act;

(e) any holders of preferred shares (as defined in the Income Tax Act) 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 (as defined in the Income Tax Act) of the corporation, to participate *pari passu* with the holders of the common shares in any further payment of dividends;

(f) the cost amount (as defined in the Income Tax Act) 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* (Canada)) or on property included within a housing project (as defined in that section as it read on June 16, 1999), and

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

    (A) a bank (as defined in the Income Tax Act) 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 (as defined in the Income Tax Act),

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

(h) its liabilities (as defined in subsection 130.1(9) of the Income Tax Act) did not exceed three 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 130.1(6)(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 (as defined in subsection 130.1(9) of the Income Tax Act) did not exceed five times the amount by which the cost amount to it of all its property exceeded its liabilities, where paragraph 130.1(6)(h) is not applicable.

For the purpose of paragraph (d) above, a "**specified shareholder**" of a corporation for the purposes of paragraph 130.1(6)(d) of the Income Tax Act means a person who would be a "specified shareholder" of the corporation if

1. the definition of "specified shareholder" in subsection 248(1) of the Income Tax Act was modified to 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,

   (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,

   (b) each beneficiary of a trust shall be deemed to own that proportion of all such shares owned by the trust at that time that the fair market value at that time of the beneficial interest of the beneficiary in the trust is of the fair market value at that time of all beneficial interests in the trust,

   (c) each member of a partnership shall be deemed to own that proportion of all the shares of any class of the capital stock of a corporation that are property of the partnership at that time that the fair market value at that time of the member's interest in the partnership is of the fair market value at that time of the interests of all members in the partnership, and

   (d) notwithstanding paragraph (b), where a beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, any discretionary power, the beneficiary shall be deemed to own each share of the capital stock of a corporation owned at that time by the trust; and

2. paragraph 251(2)(a) of the Income Tax Act was modified to read as follows:

   (a) an individual and

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

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

Generally, a person will be a specified shareholder of a corporation if the person, alone or together with any person related (as defined in section 251 of the Income Tax Act and as modified in the preceding paragraph) to the person, owns directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the corporation.

If the Issuer qualifies as a mortgage investment corporation throughout a taxation year, the Issuer will be deemed to be a "public corporation" for the purposes of the Income Tax Act, however the Issuer will generally be treated as a conduit for most purposes under the Income Tax Act: a mortgage investment corporation is entitled to deduct (a) the total amount of all taxable dividends, other than capital gains dividends (as defined in the Income Tax Act) 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 mortgage investment corporation in computing its income for the preceding year; and (b) provided the relevant election is made in the prescribed manner, one half of all "capital gains dividends" (as defined in the Income Tax Act) 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.

The Issuer intends to declare and pay dividends in amounts sufficient to result in no tax being payable by the Issuer each year. To the extent the Issuer does not do so, any taxable income will be subject to tax at the highest corporate rates and not eligible for the general rate reduction; currently the applicable combined federal and provincial corporation tax rate is 40% for British Columbia. A mortgage investment corporation is not eligible for the refundable tax provisions under the Income Tax Act. A mortgage investment corporation is not entitled to deduct taxable dividends received from other Canadian corporations in computing its taxable income for a taxation 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 shareholder's incomes as interest, and not as dividends. 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 described below. **Dividends paid by the Issuer to an individual on a Preferred Share will not be subject to the ordinary gross-up and dividend tax-credit rules, and dividends paid by the issuer to a corporation on a Preferred Share will not be eligible for the inter-corporate dividend deduction**. Similarly, the provisions of Part IV of the Income Tax Act will not be applicable to dividends paid by the Issuer to a corporation on a Preferred Share.

A disposition or a deemed disposition of Preferred Shares that are capital property to a person other than the Issuer 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 reasonable disposition costs.

The adjusted cost base of a Preferred Share to a shareholder will generally be equal to the cost to the shareholder for the Preferred Share, subject to certain adjustments. For the purposes of determining the adjusted cost base of Preferred Shares to a shareholder who has previously acquired Preferred Shares, the cost of the newly acquired Preferred Shares will be averaged with the adjusted cost base of all Preferred Shares owned by the shareholder as capital property immediately before the acquisition to determine the adjusted cost base of all Preferred Shares owned by the shareholder. Where a shareholder chooses to reinvest a dividend received from the Issuer in additional Preferred Shares, the aggregate cost to the shareholder of the Preferred Shares will be equal to the amount of the dividend and such cost will be subject to the same averaging rule.

Generally, if the Issuer redeems or acquires Preferred Shares held by a shareholder, the shareholder will be deemed to receive a dividend equal to the amount, if any, by which the amount paid by the Issuer to the shareholder on the redemption or acquisition exceeds the "paid-up capital" (as defined in the Income Tax Act) of the Preferred Shares so redeemed or acquired. Any such dividend deemed to be paid to a shareholder will be subject to the rules discussed above. The balance of the amount paid by the Issuer will be proceeds of disposition for the Preferred Shares for the purposes of calculating a capital gain (or capital loss).

Generally, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year is required to be included in computing the shareholder's income for a taxation year. Subject to and in accordance with the provisions of the Income Tax Act, a shareholder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such shareholder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Income Tax Act.

Capital gains realized and dividends designated as capital gains dividends received by a shareholder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Income Tax Act and any such shareholders should consult their own tax advisors with respect to the application of alternative minimum tax.

Shareholders of Preferred Shares that are "Canadian-controlled private corporations" ("**CCPCs**", and as defined in the Income Tax Act) or "**substantive CCPCs**" (as proposed to be defined in the Income Tax Act pursuant to Tax Proposals may be subject to an additional tax (refundable in certain circumstances) on "aggregate investment income", which is defined in the Income Tax Act to include amounts in respect of interest and taxable capital gains. CCPCs or substantive CCPCs acquiring or holding Preferred Shares should consult their tax advisors with respect to the implications of the refundable tax as it relates to the acquisition, holding and disposition of Preferred Shares.

Eligibility for Investment by Deferred Income Plans

The Preferred Shares will be a qualified investment for trusts governed by a registered retirement savings plan, deferred profit sharing plan, registered disability savings plan, registered education savings plan, registered retirement income fund, tax-free savings account or first home savings account (each one a "**Deferred Income Plan**") at a particular time provided (a) the Issuer qualifies as a mortgage investment corporation under the Income Tax Act at that time, and (b) the Issuer does not hold as part of its property at any time during a calendar year in which the particular time occurs any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, beneficiary, employer, or subscriber under, or a holder of (as applicable), the Deferred Income Plan or of any other person who does not deal at arm's length (within the meaning of the Income Tax Act) with that person.

Notwithstanding the foregoing, if the Preferred Shares held by a Deferred Income Plan that is a registered retirement income fund, registered retirement savings plan, registered education savings plan, registered disability savings plan, tax-free savings account or first home savings account (each one a "**Registered Plan**") are a "prohibited investment" for the Registered Plan under the Income Tax Act, the annuitant, subscriber or holder of the Registered Plan (as applicable) will be subject to a penalty tax as set out in the Income Tax Act. The Preferred Shares will generally be a "prohibited investment" if the annuitant, subscriber or holder of the Registered Plan (as applicable) (a) does not deal at arm's length with the Issuer for the purposes of the Income Tax Act, or (b) has a "significant interest" (within the meaning of the Income Tax Act) in the Issuer. Generally, the annuitant, subscriber or holder of a Registered Plan (as applicable) will not have a "significant interest" in the Issuer unless the annuitant, subscriber or holder owns 10% or more of the shares of any class of the Issuer, either alone or together with persons and partnerships with which the annuitant, subscriber or holder is related or does not deal at arm's length for the purposes of the Income Tax Act. In addition, the Preferred Shares will not be a "prohibited investment" if the Preferred Shares are "excluded property" (as defined in the Income Tax Act) for the Deferred Income Plan.

Potential investors who intend to hold Preferred Shares in a Deferred Income Plan should obtain independent professional advice regarding the income tax consequences of investing in Preferred Shares of the Issuer. Not all securities are suitable for investment through a Deferred Income Plan.

9. COMPENSATION PAID TO SELLERS AND FINDERS

It is not expected that any sales commission, corporate finance fee or finder's fee, or any other compensation will be payable by the Issuer in connection with the sale of Preferred Shares. However, if you acquire Preferred Shares through a registered dealer, your dealer may charge you a sales commission or fee at a rate to be negotiated between you and your dealer.

10. RISK FACTORS

10.1 Risk Factors

The purchase of Preferred Shares involves a number of significant risks. You could lose all the money you invest. Only investors who can reasonably afford the risk of loss of their entire investment should consider the purchase of Preferred Shares. Certain risks associated with the purchase of Preferred Shares are described below. Investors should speak to a qualified advisor before making an investment. Investors in Preferred Shares should carefully consider the following risks relating to the Issuer:

Investment Risk

(a) As no market for Preferred Shares exists or will exist after this offering, it may be difficult or even impossible for a 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. See "12. Resale Restrictions." While securities legislation will permit you to redeem your Preferred Shares in accordance with their terms, the right to redeem Preferred Shares is qualified and a holder may not be able to redeem Preferred Shares when they want to. See "5. Securities Offered – 5.1 Terms of Securities – Redemption Rights - Holder."

(b) An investment in Preferred Shares may be deemed speculative and is not intended as a complete investment program. A subscription for securities should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Preferred Shares.

(c) There is no guarantee that the Issuer will be able to achieve its objective, or that the Issuer will earn a positive return. The Issuer may incur losses in respect of its investments. The funds available for distribution to holders of Preferred Shares will vary according to, among other things, the interest and principal payments received in respect of the loans comprising the Issuer's mortgage portfolio. This offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

(d) Because the Preferred Shares are not generally transferable, an investment in the Issuer is a relatively illiquid investment and involves a high degree of risk. The securities are issued pursuant to exemptions from the prospectus requirements under applicable securities laws, and any disposition of securities will require compliance with those laws. You may be able to dispose of your securities only through redemption, and you must bear the risk of any decline in the value of the securities during the period from the date a notice of redemption is given by you until the redemption date. In addition, the right to redeem Preferred Shares is qualified and you may not be able to redeem your Preferred Shares when you want to. See "5. Securities Offered – 5.1 Terms of Securities – Redemption Rights - Holder." Further, the transfer of Preferred Shares may result in adverse tax consequences to you. See "8. Certain Canadian Federal Income Tax Considerations". You should only purchase Preferred Shares if you are able to maintain your investment and can afford the risk of loss associated with an investment in the Issuer.

(e) In order to pay the redemption price for shareholders who redeem their Preferred Shares, the Issuer may be required to liquidate investments earlier than it might otherwise choose. These liquidations may cause the Issuer to incur losses and could substantially reduce the net book value of the Issuer if numerous redemptions are made at the same time. Substantial redemptions by investors within a short period of time could have a material adverse effect on the Issuer. Such asset liquidation may also trigger tax consequences, such as the characterization of certain profits as ordinary income or losses rather than as capital gains or capital losses.

(f) The Preferred Shares being sold under this offering do not carry voting rights, and consequently an investor's investment in Preferred Shares does not carry with it any right to take part in the control or management of the Issuer's business, including the election of directors. In assessing the risks and rewards of an investment in Preferred Shares, potential investors should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Issuer and the Manager to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's and the Manager's directors, officers and employees.

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

Issuer Risk

(a) The Issuer's articles and investment policies require it to conduct its operations so as to qualify as a "mortgage investment corporation" for the Income Tax Act. If for any reason the Issuer fails to maintain its "mortgage investment corporation" status in a particular year, the dividends paid by the Issuer on the Preferred Shares for that particular year would cease to be deductible from the income of the Issuer for that year and the dividends it pays on the Preferred Shares would be subject to the ordinary dividend rules under the Income Tax Act (including the gross up and dividend tax credit rules applicable to individuals, and Part IV tax applicable to corporations). In addition, the Preferred Shares would generally cease to be qualified investments for Deferred Income Plans potentially resulting in adverse consequences in accordance with the Income Tax Act. See the discussion under "8. Certain Canadian Federal Income Tax Considerations".

(b) 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. The Issuer will compete with individuals, partnerships, companies, trusts and institutions for the investment in the financing of real properties. Many of these competitors have greater financial resources than the Issuer or operate with greater flexibility. An increase in the availability of investment funds and an increase in interest in such investments may increase competition for those investments, thereby potentially reducing the yield on the investments. Further, the operations of the Issuer and the Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Issuer to implement its business plan.

(c) The Manager has been retained by the Issuer to manage the Issuer's mortgage investments and provide certain financial and administrative services to the Issuer pursuant to the Management Agreement. The Manager has significant responsibility for assisting the Issuer to conduct its affairs. If the applicable Management Agreement is terminated and not replaced or for any other reason the Manager is unable to perform its services competently or on a timely basis, it may have a material adverse effect on the Issuer.

(d) Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Issuer's ability to change its portfolio promptly in response to changing economic or investment conditions.

Additionally, it will be difficult for the Issuer to dispose of investments rapidly at favourable prices, in connection with redemption requests, adverse market developments or other factors. The sale of such investments may also be subject to delays and additional costs and may only be possible at substantial discounts.

(e) 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. A conflict may occur at the time the Issuer and the Manager renegotiate the terms of the Management Agreement. See "10.2 Conflicts of Interest".

(f) The Issuer may leverage its investment positions by borrowing funds. Leverage increases both the possibility for profit and the risk of loss on any investment position.

(g) The normal gross-up and dividend tax credit rules do not apply to dividends paid on Preferred Shares. See "8. Certain Canadian Federal Income Tax Considerations".

Industry Risk

(a) There are certain risks inherent in mortgage lending which investors should carefully consider before investing in the Preferred Shares. 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, local real estate markets, and falling real estate values. To the extent that any of these conditions change or occur, they are likely to affect the demand for mortgages and the interest rate, which could cause a decrease in the interest revenue to the Issuer.

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

(c) 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, migration levels and unexpected local, regional or global events, such as the outbreak of infectious illnesses or other public health issues.

(d) 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 default on these loans may be high. The Issuer's income and funds available for distribution to shareholders would be adversely affected if a significant number of borrowers were unable to pay their obligation to the Issuer or if the Issuer was unable to invest its funds in mortgages on economically favourable terms. On default by a borrower or borrowers, the Issuer may experience delays in enforcing its rights as a lender and may incur substantial costs in protecting its investment.

(e) There can be no assurance that income tax laws and government incentive programs relating to the real estate industry will not be changed in a manner which adversely affects the Issuer or distributions received by its security holders.

(f) Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, as the owner of real estate properties (if foreclosure proceedings are commenced and completed), the Issuer could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on, from or in one or more of the properties. The failure to remove or remediate such substances, if any, may adversely affect the Issuer's ability to sell such a property or to borrow using a property as collateral.

10.2 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.

Certain directors and officers of the Issuer may be involved in the sale of Preferred Shares offered hereunder, but no commissions will be paid or payable to such directors and officers.

The Issuer is a "connected issuer" and a "related issuer", within the meaning of applicable securities legislation, of CWMIS and the Manager given the relationship among the Issuer, the Manager and CWMIS, and in particular, that the Issuer, CWMIS and the Manager have certain common shareholders, directors and officers. The Manager is responsible for managing the Issuer's mortgage investments and providing certain financial and administrative services to the Issuer pursuant to the Management Agreement. As consideration for its services, the Manager receives fees from the Issuer. See "3. Management of the Issuer" and "3.6 Directors, Officers and Principal Shareholders of the Manager". CWMIS is registered as an exempt market dealer with the BCSC and is responsible for the sale of Preferred Shares to investors pursuant to a service agreement dated January 1, 2022 between the Issuer and CWMIS. As consideration for its services, the Issuer pays CWMIS an administration fee and reimburses CWMIS for the expenses it incurs in connection with the services. See "2. Business of the Issuer – 2.2 Our Business – General" and "5. Securities Offered – 5.3 Statutory Exemptions Relied Upon by the Issuer".

11. REPORTING OBLIGATIONS

11.1 Delivery of Financial Statements

The Issuer is not a reporting issuer under the *Securities Act* (British Columbia) or applicable securities legislation in any other jurisdiction, and is not subject to continuous disclosure obligations under such legislation. Financial statements of the Issuer will be reported on by its auditors on an annual basis and will be made available to shareholders of the Issuer in accordance with the provisions of the *Business Corporations Act* (British Columbia) and other applicable laws as they may apply from time to time.

Certain information about the Issuer is available on the BCSC website at www.bcsc.bc.ca and on SEDAR+ at www.sedarplus.com.

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

11.2 Audited Financial Statements and Auditors

The audited financial statements of the Issuer as at November 30, 2023 are included below under the heading "14. Financial Statements".

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

12. RESALE RESTRICTIONS

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Issuer become a reporting issuer in any province or territory of Canada. For trades in Manitoba, unless permitted under securities legislation, you must not trade in the Preferred Shares without the prior written consent of the regulator in Manitoba unless: (a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

However, we note that securities legislation in Canada will permit you to redeem your Preferred Shares in accordance with their terms. See "5. Securities of the Issuer – 5.1 Terms of Securities – Redemption Rights – Holder".

13. PURCHASERS' RIGHTS

13.1 Statements Regarding Purchasers' Rights

If you purchase Preferred Shares, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer. The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province or territory in which they are resident and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

Two Day Cancellation Right

You can cancel your agreement to purchase Preferred Shares. To do so, you must send a notice to us by midnight on the2nd business day after you sign the agreement to buy Preferred Shares.

Statutory Rights of Action in the Event of a Misrepresentation

For purposes of the following summaries, "**misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement in the Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "material fact" means a fact that significantly affects, or would reasonably be expected to have significant effect on, the market price or value of the Preferred Shares.

British Columbia

Section 132.1 of the *Securities Act* (British Columbia) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser resident in British Columbia who purchases Preferred Shares in reliance on the "offering memorandum" prospectus exemption set out in section 2.9 of National Instrument 45-106 and contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the Preferred Shares, for rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

  (i) for rescission more than 180 days after the date of the purchase; or

  (ii) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (but excluding the Issuer) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the Issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) no person or company (but excluding the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) no person is liable for a misrepresentation in forward-looking information if the person proves that

  (i) the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

  (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation; and

(g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser resident in Alberta, in connection with the distribution of securities in reliance on the "offering memorandum" prospectus exemption set out in section 2.9 of National Instrument 45-106 or the "minimum amount investment" or "$150,000 investment" prospectus exemption in section 2.10 of National Instrument 45-106, and contains a misrepresentation, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum for damages or, alternatively, for rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

  (i) for rescission more than 180 days after the date of the purchase; or

  (ii) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date of purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) no person or company (but excluding the Issuer) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the Executive Director of the Alberta Securities Commission and the Issuer that it was delivered without the person's or company's knowledge or consent, (ii) after the sending of the offering memorandum and before the purchase of the Preferred Shares, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) no person or company (but excluding the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, and believed that there had been a misrepresentation;

(e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation; and

(f) in no case will the amount recoverable exceed the price at which the securities were sold to the purchaser.

Under Section 205.1, a person or company is not liable in an action under section 204 for a misrepresentation in forward-looking information if the person or company proves:

(a) the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer;

(b) every promoter and director of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum, including the Manager; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;

(b) before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice to the Issuer of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Under section 139.1, no person or company is liable in an action under section 138 for a misrepresentation in forward-looking information if the person or company proves:

(a) with respect to the document containing the forward-looking information, proximate to that information there is contained, reasonable cautionary language identifying the forward-looking information as such, identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan Act or its regulations.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

    (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(4) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser’s intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba

Section 141.1 of the *Securities Act* (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action against the applicable Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person or company who signed the memorandum for damages, or alternatively, for rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

  (i) for rescission, more than 180 days after the date of the purchase; or

  (ii) for damages, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) no person or company (excluding the Issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge and consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

(d) no person or company (excluding the Issuer) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(f) in no case will the amount recoverable exceed the price at which the securities were sold to the purchaser.

Under section 141.1.2, a person or company is not liable in an action under section 141.1 for a misrepresentation in forward-looking information if the person or company proves that:

(a) the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of securities resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the Issuer for damages or, while still the owner of the securities of the Issuer purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Issuer, provided that:

(a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:

  (i) in the case of an action for rescission, 180 days after the date of purchase; or

  (ii) in the case of an action for damages, the earlier of (A) 180 days after the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;

(b) the Issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, the Issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

(d) the Issuer will not be liable for a misrepresentation in forward-looking information if the Issuer proves:

  (i) that the offering memorandum contains, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;

  (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and

  (iii) the Issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and

(e) in no case will the amount recoverable in any action exceed the price at which the securities were offered.

The foregoing rights do not apply if the purchaser is:

(a) a Canadian financial institution (as defined in National Instrument 45-106) or a Schedule III bank;

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to it, delivered to a purchaser resident in New Brunswick contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action for damages against the Issuer, every person who was a director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum or, alternatively, while still the owner of the Preferred Shares, for rescission, provided that:

(a) no action may be commenced to enforce a right of action:

  (i) for rescission more than 180 days after the date of the purchase; or

  (ii) for damages more than the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of purchase;

(b) the Issuer will not be liable if it proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) in an action for damages, the Issuer will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(d) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the investor.

Under section 154.1, a person is not liable under section 150 for a misrepresentation in forward-looking information if the person proves:

(a) that the offering memorandum containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

(b) that the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) provides that, where an offering memorandum, such as this Offering Memorandum, together with any amendment to it or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)), contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser resident in Nova Scotia will be deemed to have relied upon the misrepresentation and will have a right of action against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), for damages or, alternatively, while still the owner of the Preferred Shares, for rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action more than 120 days:

  (i) after the date on which payment was made for the Preferred Shares; or

  (ii) after the date on which the initial payment was made;

(b) no person or company will be liable if the person or company proves that the investor purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if the person or company proves that (i) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the offering memorandum and before the purchase of the Preferred Shares by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) no person or company (other than the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation;

(e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(f) in no case will the amount recoverable in any action exceed the price at which the Preferred Shares were sold to the investor.

Under section 139A, no person or company is liable under section 138 for a misrepresentation in forward-looking information if the person or company proves:

(a) the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Prince Edward Island

Section 112 of the *Securities Act* (Prince Edward Island) provides that, where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, are delivered to a purchaser resident in Prince Edward Island contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), for damages or, alternatively, while still the owner of the purchased Preferred Shares, for rescission against the Issuer, provided that:

(a) no action will be commenced to enforce the foregoing rights:

  (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

  (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if it proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice that it was delivered without the person's or company's knowledge or consent, (ii) after the delivery of the offering memorandum and before the purchase of the Preferred Shares by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) no person or company (other than the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;

(e) no person is liable for a misrepresentation in forward-looking information if:

  (i) the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

  (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the investor.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to it or any record incorporated by reference in, or considered to be incorporated into an offering memorandum contains a misrepresentation and it was a misrepresentation at the time of purchase, a purchaser in the Province of Newfoundland and Labrador has, in addition to any other right that the purchaser may have under law and without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person or company who signed the offering memorandum (if applicable), for damages or, alternatively, while still the owner of the purchased Preferred Shares, for rescission against the Issuer (in which case the purchaser will cease to have a right of action for damages), provided that:

(a) no action will be commenced to enforce the foregoing rights:

  (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

  (ii) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action; or (ii) three years after the date of the transaction that gave rise to the cause of the action;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if:

   (i) the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of the person or company;

   (ii) the person or company proves that the person or company, on becoming aware of any misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice of the withdrawal to the Issuer and the reason for it;

   (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or statement of an expert, the person or company proves that they did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and

   (iv) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation;

(d) in an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation; and

(e) in no case will the amount recoverable exceed the price at which the Preferred Shares were offered to the investor under the offering memorandum.

Yukon

Section 112 of the *Securities Act* (Yukon) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to this it, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

   (i) for rescission more than 180 days after the date of the purchase; or

   (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

(d) no person or company (other than the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;

(e) the Issuer will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

  (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

  (ii) the Issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that, if an offering memorandum, such as this Offering Memorandum, together with any amendment to it, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, every director of the Issuer at the date of the offering memorandum, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

  (i) for rescission more than 180 days after the date of the purchase; or

  (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

(d) no person or company (other than the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;

(e) the Issuer will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

 (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

 (ii) the Issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that if an offering memorandum, such as this Offering Memorandum, together with any amendment to this Offering Memorandum, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, the Manager and every person who signed the offering memorandum (if applicable), or alternatively, while still the owner of the purchased Preferred Shares, a right of rescission against the Issuer, provided that:

(a) no action may be commenced to enforce a right of action:

 (i) for rescission more than 180 days after the date of the purchase; or

 (ii) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Preferred Shares with knowledge of the misrepresentation;

(c) no person or company (other than the Issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

(d) no person or company (other than the Issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;

(e) the Issuer will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

  (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

  (ii) the Issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon; and

(g) in no case will the amount recoverable exceed the price at which the Preferred Shares were sold to the purchaser.

Contractual Rights of Action in the Event of a Misrepresentation

Rights for Investors in Québec

Notwithstanding that the securities legislation in Québec does not provide or require the Issuer to provide to purchasers resident in Québec any rights of action in circumstances where this Offering Memorandum or any amendment to this Offering Memorandum contains a misrepresentation, the Issuer grants to such purchasers the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase Preferred Shares in reliance on the offering memorandum exemption set out in National Instrument 45-106, as described above under "Statutory Rights of Action **in the Event of a Misrepresentation**".

Rights for Investors in British Columbia Purchasing as "Accredited Investors" or in reliance on the "Friends, Family and Business Associates" Exemption or the "Minimum Amount Investment" Exemption

Investors resident in British Columbia who purchase Shares in reliance on the "accredited investor", "friends, family and business associates", or "minimum amount investment" exemptions set out in sections 2.3, 2.5 and 2.10 of National Instrument 45-106, respectively, will be entitled to the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase Preferred Shares in reliance on the offering memorandum exemption set out in National Instrument 45-106, as described above under "Statutory Rights of Action **in the Event of a Misrepresentation**".

Rights for Investors in Alberta Purchasing as "Accredited Investors" or in reliance on the "Friends, Family and Business Associates" Exemption

Investors resident in Alberta who purchase Shares in reliance on the "accredited investor" or "friends, family and business associates" exemptions set out in sections 2.3 and 2.5 in National Instrument 45-106 will be entitled to the same rights of action for damages or rescission as those afforded to residents of Alberta who purchase Preferred Shares in reliance on the offering memorandum exemption set out in National Instrument 45-106, as described above under "Statutory Rights of Action **in the Event of a Misrepresentation**".

13.2 Cautionary Statement Regarding Report, Statement or Opinion by Expert

This Offering Memorandum references the Issuer's Audited Financial Statements for the years ended November 30, 2023 and 2022, prepared by D&H Group LLP, Chartered Professional Accountants, as the auditor of the Issuer, including the Independent Auditor's Report dated February 26, 2024. You do not have a statutory right of action against this party for a misrepresentation in this offering memorandum. You should consult a legal adviser for further information.

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14. FINANCIAL STATEMENTS

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Pacifica Mortgage Investment Corporation

Financial Statements

November 30, 2023 and 2022

(Expressed in Canadian dollars)

D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

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Independent Auditor's Report

To the Shareholders of Pacifica Mortgage Investment Corporation

Opinion
We have audited the financial statements of Pacifica Mortgage Investment Corporation (the "Company"), which comprise the statements of financial position as at November 30, 2023 and November 30, 2022, and the statements of income and comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023 and November 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

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

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

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

D&H
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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

D&H Group LLP

Vancouver, B.C.
February 26, 2024

Chartered Professional Accountants

Pacifica Mortgage Investment Corporation

Statements of Financial Position
November 30, 2023 and 2022
(Expressed in Canadian dollars)

	November 30, 2023	November 30, 2022
	$	$
Assets		
Prepaid expenses	82,707	39,684
Interest receivable (Note 3)	2,943,730	1,346,181
Other receivables	44,516	12,277
Mortgages receivable (Note 3)	219,344,093	210,016,955
	222,415,046	211,415,097
Liabilities		
Bank indebtedness (Note 4)	4,590,825	15,785,606
Loans payable (Note 4)	18,955,884	12,964,247
Accounts payable and accrued liabilities (Note 8)	399,039	470,711
Deferred revenue	899,034	794,707
Prepaid interest	463,106	667,721
Income taxes payable	10,967	1,882
Redeemable preferred shares (Note 5)	192,304,904	176,930,328
	217,623,759	207,615,202
Shareholders' equity		
Share capital (Note 6)	200	200
Retained earnings	4,791,087	3,799,695
	4,791,287	3,799,895
	222,415,046	211,415,097

Events after the reporting period (Note 12)

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

The financial statements were approved by the Board of Directors on February 26, 2024 and are signed on its behalf by:

_______________, **Director** _______________, **Director**

Pacifica Mortgage Investment Corporation

Statements of Income and Comprehensive Income
Years ended November 30, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
	$	$
Revenue		
Interest income	22,390,295	16,731,395
Fee income	1,845,836	2,484,319
	24,236,131	19,215,714
Expenses		
Accounting and audit	137,804	127,144
Advertising and promotion	-	8,551
Appraisal and inspection fees	1,885	1,000
Bank charges and fees	102,884	65,516
Insurance	39,920	44,071
Interest on loans payable and bank indebtedness	1,174,224	1,344,093
Legal	46,059	32,297
Management and administrative fees (Note 8)	4,643,355	4,791,762
Office	15,337	31,167
Regulatory costs (Note 8)	81,859	66,521
Transfer agent	36,014	27,753
	6,279,341	6,539,875
Income from operations	17,956,790	12,675,839
Dividends on redeemable preferred shares (Note 5)	(16,954,431)	(11,298,488)
Income before income taxes	1,002,359	1,377,351
Income taxes	10,967	1,882
Net income and comprehensive income for the year	991,392	1,375,469

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

Pacifica Mortgage Investment Corporation

Statements of Changes in Shareholders' Equity
Years ended November 30, 2023 and 2022
(Expressed in Canadian dollars)

	Number of shares	Share capital $	Retained earnings $	Total equity $
Balance, November 30, 2021	200	200	2,424,226	2,424,426
Net income and comprehensive income for the year	-	-	1,375,469	1,375,469
Balance, November 30, 2022	200	200	3,799,695	3,799,895
Net income and comprehensive income for the year	-	-	991,392	991,392
Balance, November 30, 2023	200	200	4,791,087	4,791,287

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

Pacifica Mortgage Investment Corporation

Statements of Cash Flows
Years ended November 30, 2023 and 2022
(Expressed in Canadian dollars)

	2023 $	2022 $
Cash flows from (used in) operating activities		
Net income and comprehensive income for the year	991,392	1,375,469
Item not affecting cash		
Dividends paid by issuance of preferred shares	8,741,944	5,342,817
Changes in non-cash working capital		
Prepaid expenses	(43,023)	34,301
Interest receivable	(1,597,549)	355,076
Other receivables	(32,239)	24,455
Accounts payable and accrued liabilities	(71,672)	38,678
Deferred revenue	104,327	(255,052)
Prepaid interest	(204,615)	280,862
Income taxes payable	9,085	(5,395)
	7,897,650	7,191,211
Mortgage investing activities		
Proceeds from repayment of mortgages receivable	185,652,997	187,585,941
Funding of mortgages receivable	(194,980,135)	(178,561,988)
	(9,327,138)	9,023,953
	(1,429,488)	16,215,164
Cash flows from (used in) financing activities		
Net repayments of bank indebtedness	(11,194,781)	(3,249,586)
Net advances (repayments) of loans payable	5,991,637	(22,000,810)
Issuance of redeemable preferred shares	21,959,648	20,334,787
Redemption of redeemable preferred shares	(15,327,016)	(11,299,555)
	1,429,488	(16,215,164)
Increase (decrease) in cash during the year	-	-
Cash, beginning of year	-	-
Cash, end of year	-	-

See Note 10.

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

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 primarily located in the Lower Mainland and Fraser Valley, however, it may lend in other areas of British Columbia. 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, 2023, using the significant accounting policies outlined below.

The Company's financial statements have been prepared on a historical cost basis except for financial instruments which are classified at amortized cost. These financial instruments are reported at the amount at which the financial asset or financial liability was measured at initial recognition minus principal repayments and cumulative amortization calculated using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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

Critical judgments
The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts in the financial statements:

(i) *Classification of financial assets and liabilities*
The classification of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management. The classification of the Company's debt instruments requires judgement of the business model in which they are held and the contractual cash flow characteristics of the asset.

(ii) *Measurement of fair values*
Management is required to judge the fair value of financial and non-financial assets. When the fair value of an asset or liability is measured, the Company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

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 and based on inputs including time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

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

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

(iii) *Measurement of expected credit losses*
Management is required to assess the expected credit losses on its debt instruments. The determination of an allowance for credit losses takes into account different factors and varies by the nature of the financial asset. Judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which would require an increase or decrease in the allowance of credit risk. Refer to Note 3.

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 fiscal year:

(i) *Measurement of expected credit losses*
Allowances for credit losses on 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. Refer to Note 3.

2. **Significant accounting policies** - continued

Financial instruments
All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets consist of interest receivable, other receivables and mortgages receivable. Financial liabilities include bank indebtedness, loans payable, accounts payable and accrued liabilities and redeemable preferred shares.

(i) *Classification*
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

A debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
(i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company classifies all financial assets and financial liabilities at amortized cost.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has not classified any of its financial assets or financial liabilities at FVOCI.

Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes the objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, or matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows and the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Contractual cash flow assessment
For the purposes of assessing the contractual characteristics of cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition, and 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

2. **Significant accounting policies** - continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events that would change the amount or timing of cash flows, terms that may adjust the contractual coupon rate, including variable rate features and terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the criteria that payments made consist solely of principal and interest if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) *Measurement*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in profit or loss.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in other comprehensive income or loss in the period in which they arise.

(iii) *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses ("ECLs") on financial assets that are measured at amortized cost. The Company applies a three-stage approach to measure allowance for credit losses. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The determination of a significant increase in credit risk (Stage 2) takes into account different factors and varies by nature of the investment. The Company actively monitors mortgage investments and applies judgement in determining whether there has been a significant increase in credit risk. The Company judges that the credit risk on a financial asset has increased significantly if it is more than 90 days past due of an interest payment. Furthermore, the Company will take into account borrower and mortgage-specific criteria and evaluate each mortgage for increased credit risk on a case-by-case basis. The assessment of significant increase in credit risk requires experienced credit judgment and knowledge of the market trends in the underlying asset.

2. **Significant accounting policies** - continued

The Company considers a financial asset to be credit impaired (Stage 3) when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit to the extent that the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. This includes situations where the Company has commenced enforcement remedies available to it under its contractual agreements.

In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, the Company relies on estimates and exercises judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses.

Measurement of ECLs
Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are probability-weighted estimates of credit losses. ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining the expected credit loss provision, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. Past events, current market conditions and reasonable forward-looking supportable information about future economic conditions are considered. In assessing information about possible future economic conditions, the Company utilized multiple economic scenarios including a stress test, which represents a significant downward shift in the current market. The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. Key economic variables considered include unemployment rate, housing price index and prime interest rates. The estimation of future cash flows also includes assumptions about the local real estate market conditions, availability and terms of financing and the underlying value of the security. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events.

Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome.

Should the underlying assumptions change, the estimated future cash flows could vary. The Company exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. Allowances for Stage 3 are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount.

2. **Significant accounting policies** - continued

The loans are reviewed on an ongoing basis to assess whether any loans carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded. The review of individually significant problem loans is conducted at least quarterly by the Company, who assesses the ultimate collectability and estimated recoveries for a specific loan based on all events and conditions that are relevant to the loan. To determine the amount expected to be recovered from an individually significant impaired loan, the value of the estimated future cash flows discounted at the loan's original effective interest rate is used. The determination of estimated future cash flows of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

(iv) *Derecognition*
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of income and comprehensive income.

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.

Income taxes
The Company is a MIC as defined in the *Income Tax Act* (Canada). 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.

Income tax expense comprises of current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial statement date.

Deferred tax assets and liabilities are recognized for the expected future tax impact of temporary differences between the carrying amounts of certain assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates applicable to taxable income in the period in which those temporary differences are expected to be recovered or settled. Deferred tax assets are only recognized for deductible temporary differences and the carry forward of unused tax losses to the extent that it is probable that taxable income will be available and the carry forward of unused tax losses can be used.

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.

Redeemable 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 and comprehensive income as dividends on redeemable preferred shares.

Revenue recognition
Interest and fee revenue 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.

3. **Mortgages and interest receivable**

Mortgages receivable
Mortgages receivable that are held within a business model whose business objective is to hold for collection of contractual cash flows, and where those cash flows represent solely payments of principal and interest, are recognized at fair value plus any directly attributable transaction costs. After initial measurement, mortgages receivable are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account transaction costs and fees that are an integral part of the effective interest rate.

Impairment on mortgages receivable measured at amortized cost is calculated using the expected credit loss approach. Mortgages measured at amortized cost are presented net of the allowance for credit losses in the statements of financial position.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination. See Note 2.

(Expressed in Canadian dollars)

3. **Mortgages and interest receivable** - continued

Mortgages receivable under IFRS 9:

				2023 $
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying value of mortgages				
Residential	120,131,865	-	7,369,947	127,501,812
Land	53,366,890	-	-	53,366,890
Commercial	31,588,000	-	6,887,391	38,475,391
Construction	-	-	-	-
Gross carrying value	205,086,755	-	14,257,338	219,344,093
Expected credit losses				
Residential	-	-	-	-
Land	-	-	-	-
Commercial	-	-	-	-
Construction	-	-	-	-
Allowance for credit losses	-	-	-	-
Net mortgages receivable	205,086,755	-	14,257,388	219,344,093
Interest receivable on mortgages	1,714,943	-	1,228,787	2,943,730

(Expressed in Canadian dollars)

3. **Mortgages and interest receivable** - continued

				2022 $
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying value of mortgages				
Residential	125,687,237	-	1,196,158	126,883,395
Land	26,873,560	-	-	26,873,560
Commercial	56,260,000	-	-	56,260,000
Construction	-	-	-	-
Gross carrying value	208,820,797		1,196,158	210,016,955
Expected credit losses				
Residential	-	-	-	-
Land	-	-	-	-
Commercial	-	-	-	-
Construction	-	-	-	-
Allowance for credit losses	-	-	-	-
Net mortgages receivable	208,820,797	-	1,196,158	210,016,955
Interest receivable on mortgages	1,289,268	-	56,913	1,346,181

See Note 2 (iii)

Interest receivable on mortgages represents the accrued and outstanding interest on mortgages held at year-end. The interest receivable can be broken down into 90 days or less past due ($ 1,814,075, 62% of total, 2022 - $ 1,289,268, 96%) and greater than 90 days past due ($ 1,129,655, 38% of total, 2022 - $ 56,913, 4%). All the interest receivable is expected to be recovered.

Mortgages receivable bear interest at rates between 8.99% and 18.90% (2022 - 8.50% and 14.25%) 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.

(Expressed in Canadian dollars)

3. **Mortgages and interest receivable** - continued

The mortgages receivable portfolio can be broken down into interest rates as follows:

	2023 $	**2022** $
8.00% to 8.99%	1,587,150	25,593,689
9.00% to 9.99%	31,290,697	94,784,706
10.00% to 10.99%	96,955,912	34,637,018
11.00% to 11.99%	42,312,514	43,353,514
12.00% to 12.99%	30,232,270	7,486,695
13.00% to 13.99%	3,883,523	3,492,277
14.00% to 14.99%	707,013	669,056
15.00% to 15.99%	287,623	-
16.00% to 16.99%	-	-
17.00% to 17.99%	6,887,391	-
18.00% to 18.99%	5,200,000	-
	219,344,093	210,016,955

The mortgages receivable portfolio can be broken down by expiration date as follows in the fiscal years ending:

	2023 $	2023 %		2022 $	2022 %
November 30, 2024	177,616,368	81	November 30, 2023	180,338,389	86
November 30, 2025	41,727,725	19	November 30, 2024	29,678,566	14
	219,344,093	100		210,016,955	100

As at year end, the Company has five (2022 - one) mortgages receivable in foreclosure totalling $ 14,257,338 (2022 - $ 1,196,158).

4. **Credit facilities**

The Company has a demand operating facility agreement to a maximum of $ 75,000,000. The Company has two borrowing options available from the facility by way of account overdraft, or bankers' acceptances with terms between 30 to 180 days. The bank overdraft bears interest at the lender's prime rate, presently 7.20%, plus 0.50% per annum. Bankers' acceptances are subject to a stamping fee at 2% per annum. The loan balance is collateralized by a first charge on all the borrower's assets and undertakings. The credit facility agreement also requires the Company to comply with certain financial covenants on a four fiscal quarter basis.

As at November 30, 2023, $ 18,955,884 (2022 - $ 12,964,247) in bankers' acceptances were held in addition to bank indebtedness of $ 4,590,825 (2022 - $ 15,785,606).

(Expressed in Canadian dollars)

5. **Redeemable preferred shares**

As at November 30, 2023, the redeemable preferred shares consisted of 192,304,904 preferred shares (2022 - 176,930,328), with a redemption amount of $ 192,304,904 (2022 - $ 176,930,328).

During the year, the Company issued 30,701,591 (2022 - 25,677,604) preferred shares at $ 1 each. Of this amount, 8,741,944 (2022 - 5,342,817) were issued pursuant to stock dividends on the preferred shares and 21,959,648 (2022 - 20,334,787) were issued for cash.

During the year, the Company redeemed 15,327,016 (2022 - 11,299,555) preferred shares for $ 1 each.

The Company declares dividends in December of each year based on the Company's performance in the last quarter of the prior fiscal year. Included in dividends on redeemable preferred shares for the year ended November 30, 2023, is $ 3,774,909 (2022 - $ 2,402,237) of dividends related to the Company's performance for the last quarter of fiscal 2022. Dividends on redeemable preferred shares related to the last quarter of fiscal 2023 total $ 4,749,848 (2022 - $ 3,774,909) and will be recognized in the year ended November 30, 2024. See Note 12.

6. **Share capital**

Authorized

1,000,000	voting common shares with a par value of $ 1 each
Unlimited	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

7. **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:

	2023 $	**2022** $
Trust assets	357,130	1,409,065
Trust liabilities	357,130	1,409,065

Trust accounts have been excluded from the financial statements.

8. **Related party disclosures**

Accounts payable and accrued liabilities
Included in accounts payable and accrued liabilities is $ 393,645 (2022 - $ 446,794) payable to a company with common directors.

8. **Related party disclosures** - continued

Management and administrative fees
Pursuant to the management agreement, loan and other administrative fees, from December 2022 to November 2023, of $ 4,622,655 (2022 - $ 4,786,255) were paid to a company 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 commitment fee income.

Regulatory costs
Fees of $ 81,859 (2022 - $ 66,521) were paid to a company under common control for costs associated with the offering and distribution of the preferred shares.

9. **Financial instruments and risk management**

Fair value
The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale.

The carrying value of interest receivable, other receivables, mortgages receivable, bank indebtedness, loans payable, accounts payable and accrued liabilities and redeemable preferred shares approximate their fair value because of the short-term nature of these instruments.

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 mitigates this risk by lending for short terms and entering into interest rate swap agreements.

At November 30, 2023, if interest rates for the year had been 100 basis points higher or lower with all other variables held constant, interest on loans payable for the year would have been $ 131,000 higher or lower, arising mainly as a result of variable borrowings. However, the Company believes this risk is mitigated as approximately 99% of mortgages receivable at year end bear interest at a variable rate, which together with floor rates that are in place, would compensate for any increases in the interest on bank indebtedness and loans payable.

9. **Financial instruments and risk management** - continued

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 engagement 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, generally does not exceed 75% of the collateral value.

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.

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 credit facilities 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.

(Expressed in Canadian dollars)

10. Supplemental cash flow information

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

	2023 $	2022 $
Interest received	20,775,803	17,085,098
Interest paid	1,224,610	1,352,517
Dividends paid in cash	8,212,487	5,955,671

The Company had non-cash financing activities as follows:

	2023 $	2022 $
Dividends paid by issuance of preferred shares	8,741,944	5,342,817

11. 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, 2023, management considers the Company's capital to be comprised of the preferred share liability of $ 192,304,904 (2022 - $ 176,930,328) and all components of shareholders' equity which amount to $ 4,791,287 (2022 - $ 3,799,895) for a total of $ 197,096,191 (2022 - $ 180,730,223).

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.

12. Events after the reporting period

In December 2023, the Company declared and distributed a dividend of $ 4,749,848 to preferred shareholders of record on November 30, 2023.

Subsequent to year end:

- The Company committed to fund 32 mortgages totalling $ 55,092,800.
- The Company received $ 13,643,702 from the full principal payment of 15 mortgages receivable at year end.
- The Company issued 6,573,766 and redeemed 1,115,236 preferred shares at $ 1 each.
- Of the mortgages classified as Stage 3 totalling $ 14,257,338 at year end, $ 3,213,833 was collected. The remaining balance outstanding is in proceedings to be collected.
- One mortgage totalling $ 5,500,000 was sent to demand by the Company requesting repayment of the principal amount. The Company does not anticipate any risk of loss with this loan.

15. CERTIFICATE

This Offering Memorandum does not contain a misrepresentation.

DATED this 29th day of March, 2024

Pacifica Mortgage Investment Corporation

(signed) Sidney Rubin
Sidney Rubin
President and Managing Director (and acting in the capacity of Chief Executive Officer)

(signed) Shannon Hillman
Shannon Hillman
Managing Director (and acting in the capacity of Chief Financial Officer)

(signed) John Nation
John Nation
Director

(signed) William Keen
William Keen
Director

(signed) Daymon Eng
Daymon Eng
Director

(signed) Alan Frydenlund
Alan Frydenlund
Director

(signed) Steve Canning
Steve Canning
Director

(signed) David Szakun
David (Jerry) Szakun
Director

On behalf of Capital West Mortgage Inc. (in its capacity as promoter)

(signed) Sidney Rubin
Sidney Rubin
President

(signed) Shannon Hillman
Shannon Hillman
Director