

OFFERING MEMORANDUM

Date: April 28, 2017

The Issuer

Name: **Valmor™ Mortgage Investment Corporation**
("we", "us" or the "Corporation")

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Currently listed or quoted? **No. These securities do not trade on any exchange or market.**

Reporting Issuer? No

SEDAR Filer? Yes

The Offering

Securities Offered: Class A Shares. See "*Item 5.1 – Terms*".

Price per security: \$10.00 per Class A Share.

Offering Jurisdictions: British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Minimum/Maximum offering: **There is no minimum. You may be the only purchaser. Funds available under this Offering may not be sufficient to accomplish the Corporation's proposed objectives.**

The maximum anticipated size of the Offering is \$20,000,000.

Minimum Subscription Amount: The minimum initial subscription amount is 1,000 Class A Shares (\$10,000) and the minimum subscription amount for all subsequent subscriptions is 500 Class A Shares (\$5,000). See "*Item 5.2 – Plan of Distribution*".

Payment terms: Subscription proceeds must be paid by cheque or bank draft from a Canadian chartered bank or such other form of payment acceptable to the Corporation and made payable to "Valmor™ Mortgage Investment Corporation In Trust" in the amount of the aggregate Subscription Price for the Class A Shares. Full payment must be received by the Corporation prior to acceptance of each Subscribers' Subscription Agreement (as defined herein).

Proposed closing date(s): Closings may occur from time to time as subscriptions are received and as determined by the Manager (as defined herein). An estimated final closing date of April 26, 2018 is anticipated.

Income tax consequences: There are important Canadian tax consequences associated with Class A Shares. See "*Item 6 – Canadian Income Tax Considerations*".

Selling agent: The Corporation will sell Class A Shares primarily through CVC™ Market Point Inc. ("CVC"), an exempt market dealer registered in Alberta and British Columbia. Sales of Class A Shares may also be effected through sub-agents contracted through CVC. See "*Item 2.8 – Conflicts of Interest*" and "*Item 7 – Compensation Paid to Sellers and Finders*".

Manager: The Corporation has a manager, Carecana™ Management Corp., a restricted portfolio manager and investment fund manager registered in Alberta. See "*Item 2.7 – Material Agreements – Management Agreement*".

Resale Restrictions

You will be restricted from selling your Class A Shares for an indefinite period. See "*Item 10 – Resale Restrictions*".

Purchaser's Rights

You have two Business Days (as defined herein) to cancel your agreement to purchase Class A Shares. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel the agreement. See "*Item 11 – Purchaser's Rights*".

No securities regulatory authority or regulator has assessed the merits of the Class A Shares or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "*Item 8 – Risk Factors*".

The Corporation is a "connected issuer" and may be considered a "related issuer" of CVC, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*. The Corporation has determined that it is a connected issuer and may be considered a related issuer of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby and based on the fact that the Corporation and CVC have common securityholders. See "*Item 2.8 – Conflicts of Interest*" and "*Item 8 – Risk Factors – Conflicts of Interest*".

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

You should thoroughly review this Offering Memorandum and are advised to consult with your own professional (such as and without limitation, legal, tax, investment, accounting and financial) advisors concerning this investment.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation of the Class A Shares by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized by the Corporation or to any person to whom it is unlawful to make such an offer or solicitation and this Offering Memorandum is not, and under no circumstances is to be construed as a public offering or advertisement of these securities. You are directed to inform yourself of and observe all legal requirements and restrictions of your jurisdiction of residence in respect of the acquisition, holding and disposition of the Class A Shares offered hereby. This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the Class A Shares. The Class A Shares are being offered in reliance upon exemptions from certain requirements set forth in applicable securities legislation.

The Class A Shares offered hereby will be issued only on the basis of information contained in this Offering Memorandum and provided by the Corporation in writing and no other information or representation is authorized or may be relied upon as having been authorized by the Corporation. Any subscription for the Class A Shares offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale to you of any of the Class A Shares offered hereby shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Corporation since the date of the sale to you of the Class A Shares offered hereby or that the information contained herein is correct as of any time subsequent to that date.

The Class A Shares offered hereby have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to an exemption therefrom.

The Corporation intends to primarily sell the Class A Shares through CVC, an exempt market dealer registered in Alberta and British Columbia. Sales of Class A Shares may also be effected through exempt market dealer sub-agents contracted through CVC. See "*Item 7 – Compensation Paid to Sellers and Finders*".

"OM marketing materials" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions of the Canadian Securities Administrators*) are incorporated into this Offering Memorandum by reference. OM marketing materials shall be filed and available on the Corporation's SEDAR profile, at www.sedar.com, during any effective period of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "proposes", "expects", "estimates", "intends", "anticipates", "believes", "will likely result", "are expected to", "is anticipated" or variations) are not historical facts and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum should not be unduly relied upon. These statements speak only as of the date of this Offering Memorandum. In addition, this Offering Memorandum may contain forward-looking statements attributed to third-party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this Offering Memorandum.

In particular and without limitation, this Offering Memorandum contains forward-looking statements pertaining to the following:

- the nature of the Corporation and its affairs following the completion of the Offering;
- the Corporation's use of proceeds from the Offering;
- the payment of Distributions as and when declared by the Board of Directors;
- the terms, conditions, interest rate, fees and expenses of any future credit facility;
- interest rate and targeted yield estimates;
- the ability to retract Class A Shares properly surrendered pursuant to the retraction privilege in accordance with the articles of the Corporation;
- the estimated final closing date;
- the ability of the Corporation to eliminate taxes payable under Part I of the Tax Act by making Distributions to the extent necessary to reduce its taxable income each year to nil so that no tax is payable by it under Part I of the Tax Act and to generally elect to have dividends treated as capital gains dividends to the maximum extent allowable;
- the estimated offering costs and commissions payable;
- the ability to automatically repurchase Class A Shares in the event a transaction occurs that threatens to violate the restrictions of ownership provisions in the articles of the Corporation;
- fee estimates under the Material Agreements;
- the qualification of the Class A Shares as investments for trusts governed by Deferred Plans;
- the ability to pay the Manager Fees, Mortgage Broker Fee, General and Administration Expenses and the fees due to CVC under the Agency Agreement from the stream of income generated from Eligible Investments and/or subscription proceeds;
- services the Mortgage Broker intends to provide to other entities; and

- the Corporation's intentions and expectations regarding the growth of the Mortgage Portfolio.

Such forward-looking statements are based upon a number of assumptions including, but not limited to, the following:

- the completion of the Offering;
- the ability of the Corporation to acquire and maintain a Mortgage Portfolio capable of generating the necessary annual yield or returns to enable the Corporation to achieve its Investment Objectives;
- expectations regarding the composition of the Mortgage Portfolio;
- interest rates charged by chartered banks;
- the ability of the Mortgage Broker to seek out opportunities for investments with enough interest income potential to achieve the Investment Objectives;
- the belief that Mid-Tier Lending Markets are under-serviced by large financial institutions in Canada and that this will translate into investment opportunities for the Corporation;
- the ability of the Corporation to establish and maintain relationships and agreements with key strategic partners;
- the seasonal nature of the lending industry;
- the maintenance of prevailing interest rates at favourable levels;
- the ability of borrowers to service their obligations under the Mortgages;
- the ability of the Mortgage Broker to maintain its mortgage broker license;
- the continuing ability of the Corporation to qualify as a MIC under the Tax Act;
- the availability of Mortgages generating interest income;
- the ability of the Corporation to underwrite Mortgage loans within stated net targeted yields;
- the ability of any future credit facility of the Corporation to provide lower cost liquidity to satisfy the Corporation's working capital needs and for any retraction requests;
- the ability to effectively control conflicts of interest with other CareVest MIC entities through investment policy statements and internal policies and procedures;
- the availability of Securitized Mortgages in established markets and lower rate markets;
- the ability of the Corporation to maintain sufficient cash flow to adjust the mix of Mortgages in the Mortgage Portfolio in response to market conditions and investment opportunities;
- the ability of the Manager to effectively perform its obligations to the Corporation;
- anticipated costs and expenses of this Offering; and
- general economic conditions.

The information in this Offering Memorandum, including the Corporation's actual results, could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and included elsewhere in this Offering Memorandum:

- net proceeds of the Offering not being sufficient to accomplish the Investment Objectives;
- increased competition for investments from larger market players operating without the investment or operating restrictions applicable to the Corporation;
- the lack of a developed market for the Class A Shares and resale restrictions applicable to the Class A Shares and the limited retraction feature attached to the Class A Shares;
- the speculative nature of the Offering;
- risks related to the early stage of development of the Corporation and its ability to manage growth;
- the Class A Shares do not carry voting rights and Subscribers for Class A Shares are relying on the good faith, judgment and ability of the Manager and the Board of Directors with respect to management of the Corporation;
- although the Corporation intends to qualify at all times as a MIC, there is no assurance in this regard;
- there is a risk of dilution in respect of future securities offerings by the Corporation;
- the success of the Corporation will depend on revenue generated from its Mortgage Portfolio and there is no assurance in this regard;
- in order to qualify as a MIC, the Corporation is subject to certain limitations on ownership and repurchases of issued shares of the Corporation;
- industry risks affecting the Corporation;
- the amount and payment of any future dividends is not established and is at the sole discretion of the Board of Directors;
- the availability of opportunities for investments by the Corporation in Mortgages that the Mortgage Broker can seek out and refer to the Corporation and the Manager for approval that may meet the Investment Guidelines;
- the sensitivity of the Corporation to interest rates;
- the composition of the Mortgage Portfolio, including any lack of diversification;
- risks related to Mortgage extensions and defaults, foreclosure and related costs;
- litigation risks;
- risks related to failure to meet commitments, borrowing and leverage;
- no guaranteed rate of return;
- risks related to changes in legislation, including environmental legislation;

- risks related to conflicts of interest between the Corporation, the Manager, the Mortgage Broker, CVC, COC and the Custodian;
- Cybersecurity; and
- other risk factors as set out in this Offering Memorandum under "*Item 8 – Risk Factors*".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Corporation, investors should not place undue reliance on any such forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of the date of this Offering Memorandum, and the Corporation does not undertake any obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for the Corporation to predict all of these factors or to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements contained in this Offering Memorandum are expressly qualified by the foregoing cautionary statements. Investors should read this entire Offering Memorandum and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Class A Shares.

DEFINITIONS

In this Offering Memorandum, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

- (i) "**Act**" means the *Canada Business Corporations Act*, as amended from time to time;
- (ii) "**affiliate**" or "**affiliates**" has the meaning ascribed to it in the *Securities Act* (Alberta);
- (iii) "**Agency Agreement**" means the agency agreement entered into on August 15, 2016 and amended on April 27, 2017 among CVC, the Manager and the Corporation;
- (iv) "**Annual Limit**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Other Retraction Provisions*";
- (v) "**Authorized Interim Investments**" means cash, including funds on deposit with a Schedule I bank or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec or a credit union, and such other investments, in each case, that will not disqualify the Corporation as a MIC;
- (vi) "**Automatic Repurchase**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Restrictions on Ownership of Shares*";
- (vii) "**Automatic Repurchase Shareholder**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Restrictions on Ownership of Shares*";
- (viii) "**Board of Directors**" means the board of directors of the Corporation;
- (ix) "**Business Day**" means any day that is not a Saturday, Sunday, statutory or civil holiday in the City of Calgary;
- (x) "**CareVest MIC entities**" has the meaning ascribed thereto in "*Item 2.1 – Structure*";
- (xi) "**Class**" means a class of Shares of the same class created by the Corporation;
- (xii) "**Class A Shares**" means a Class designated as Class A;
- (xiii) "**Class B Shares**" means a Class, designated as Class B;
- (xiv) "**Class C Shares**" means a Class, designated as Class C;
- (xv) "**Class F Shares**" means a Class, designated as Class F;
- (xvi) "**Class I Shares**" means a Class, designated as Class I;
- (xvii) "**Class NAV**" means, in respect of any Class of Shares or the Voting Shares at any time, the Proportionate Share of the NAV allocable to such Class of Shares or the Voting Shares, adjusted to reflect the Class of Shares' or the Voting Shares' Proportionate Share of Common Expenses and its Share Class Expenses;
- (xviii) "**close of business**" means 4:00 p.m. (Calgary time) or such other time as may be established by the Manager;
- (xix) "**Closing**" means a closing of the sale of Class A Shares as the Manager may determine from time to time;

- (xx) "**COC**" means CareVest[®] Operations Corp.;
- (xxi) "**Commercial Mortgages**" means Mortgages to acquire land, construct and/or develop improvements thereon and/or Mortgages against existing and/or completed inventory held for resale or held for lease, all secured by Real Property, which have a retail, commercial, service, office and/or industrial use;
- (xxii) "**Common Expenses**" means expenses of the Corporation that are not Share Class Expenses, including but not limited to audit, taxation, legal, transfer agent, director, committee and other costs associated with the Corporation as a whole;
- (xxiii) "**Consulting Services Agreement**" means the form of consulting services agreement entered into by the Manager, the Mortgage Broker and other affiliated entities to provide leasing, licensing and other consulting services;
- (xxiv) "**Corporate Services Agreement**" means the form of corporate services agreement entered into by the Manager, the Mortgage Broker, and other affiliated entities to provide general legal services, human resources, office and facility management and bookkeeping and financial services;
- (xxv) "**Corporation**", "**we**" or "**us**" means Valmor[™] Mortgage Investment Corporation, a corporation incorporated pursuant to the federal laws of Canada;
- (xxvi) "**CRA**" means the Canada Revenue Agency;
- (xxvii) "**Custodial Agreement**" means the custodial agreement entered into on August 15, 2016 and amended on January 1, 2017 among the Corporation, the Manager and the Custodian (see "*Item 2.7 – Material Agreements – Custodial Agreement*");
- (xxviii) "**Custodian**" means Carecana[™] Settlement Corp.;
- (xxix) "**CVC**" means CVC[™] Market Point Inc., an exempt market dealer;
- (xxx) "**Deferred Plan**" means a trust governed by a "registered retirement savings plan", "registered retirement income fund", a "registered education savings plan", a "deferred profit sharing plan", a "registered disability savings plan" or a "tax-free savings account", as those terms are defined in the Tax Act;
- (xxxii) "**Distributions**" means any distributions paid in any form by the Corporation on any Class of Shares, including without limitation (a) dividends, (b) payments made on a reduction of stated capital, or (c) any combination of any such distributions;
- (xxxiii) "**Direct Registration System**" has the meaning ascribed thereto in "*Item 5.2 – Plan of Distribution – Subscription Procedure*";
- (xxxiv) "**DRIP**" means the Dividend Reinvestment Plan of the Corporation from time to time;
- (xxxv) "**DRIP Participant**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Dividend Reinvestment Plan*";
- (xxxvi) "**Early Retraction Charges**" means early retraction charges to be deducted from the Retraction Price, if applicable, as determined by the Corporation from time to time for each class of Shares;
- (xxxvii) "**Eligible Investments**" means investments forming part of the Mortgage Portfolio, Mortgage Related Investments and Authorized Interim Investments;
- (xxxviii) "**Excess Annual Retracting Shares**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Other Retraction Provisions*";

- (xxxviii) "**Excess Quarterly Retraction Shares**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Other Retraction Provisions*";
- (xxxix) "**Extraordinary Resolution**" means a resolution of the Shareholders passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of Shareholders duly called for the purpose of considering such resolution;
- (xl) "**General and Administration Expenses**" has the meaning ascribed thereto in "*Offering Memorandum Summary – Summary of Fees and Expenses*";
- (xli) "**Hurdle Rate**" has the meaning ascribed thereto in "*Offering Memorandum Summary – Summary of Fees and Expenses*";
- (xlii) "**Investment Guidelines**" means the Investment Restrictions and the investment policies and practices of the Corporation adopted by the Manager from time to time;
- (xliii) "**Investment Objectives**" means the investment objectives of the Corporation set forth in "*Item 2.2 – Our Business – Investment Objectives*";
- (xliv) "**Investment Restrictions**" means the investment restrictions of the Corporation set forth in "*Item 2.2 – Our Business – Investment Restrictions*";
- (xlv) "**Management Agreement**" means the management agreement dated August 15, 2016, between the Manager and the Corporation (see "*Item 2.7 – Material Agreements – Management Agreement*");
- (xlvi) "**Manager**" means Carecana™ Management Corp., a corporation incorporated pursuant to the federal laws of Canada, or such other manager appointed by the Corporation from time to time;
- (xlvii) "**Manager's Advising Representatives**" means the advising representatives of the Manager, currently being Roy Goddard, Shauna Campbell and Jesse Michael Helfer, and any other advising representatives appointed by the Manager;
- (xlviii) "**Manager's Credit Committee**" means the credit committee of the Manager comprised of the Manager's Advising Representatives;
- (xlix) "**Manager Fees**" means, in respect of each Class of outstanding Shares, the management fee equal to 1.35%, plus applicable taxes, of the gross assets of the Corporation payable pursuant to the Management Agreement;
- (l) "**Manager Services**" has the meaning ascribed thereto in "*Item 2.7 – Material Agreements – Management Agreement*";
- (li) "**Material Agreements**" has the meaning ascribed thereto in "*Item 2.7 – Material Agreements*";
- (lii) "**MIC**" refers to a mortgage investment corporation and has the meaning ascribed to it in section 130.1(6) of the Tax Act;
- (liii) "**Mid-Tier Lending Markets**" means lending markets in Canada that are populated by small to mid-sized borrowers that require custom-tailored financing solutions to meet their capital requirements;
- (liv) "**Mortgage**" means an interest in a mortgage, a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the underlying Real Property;

- (lv) "**Mortgage Broker**" means CareVest[®] Capital Inc., a corporation incorporated pursuant to the laws of the Province of Alberta;
- (lvi) "**Mortgage Broker Agreement**" means the agreement dated August 15, 2016 between the Mortgage Broker, the Corporation and the Manager, pursuant to which the Mortgage Broker will provide its services to the Corporation (see "*Item 2.7 – Material Agreements – Mortgage Broker Agreement*");
- (lvii) "**Mortgage Broker Fee**" means the mortgage broker fee equal to 0.15%, plus applicable taxes, of the outstanding gross principal balance of all Mortgages in the Mortgage Portfolio payable pursuant to the Mortgage Broker Agreement;
- (lviii) "**Mortgage Portfolio**" means the portfolio of Mortgages owned by the Corporation from time to time;
- (lix) "**Mortgage Related Investments**" means a bond, debenture, note or other evidence of indebtedness, or a share, unit or other evidence of ownership, in a person (other than an individual) that is resident in Canada for purposes of the Tax Act engaged in real estate development, lending or the funding or holding of Mortgages;
- (lx) "**NAV**" means the net asset value of the Corporation at any time, being the aggregate value of all assets of the Corporation less the value of all liabilities of the Corporation at such time (including any accrual of any Performance Fee provided for in the Management Agreement); provided that, for the purpose only of calculating the NAV, the liabilities will be reduced by the stated capital of any Shares to the extent that such stated capital is included in the value of liabilities of the Corporation;
- (lxi) "**NAV per Class A Share**" means the quotient obtained by dividing the Class NAV of the Class A Shares by the total number of Class A Shares (immediately before any applicable Class A Share retraction or subscription) then outstanding at the close of business on the relevant date of calculation or the Valuation Date;
- (lxii) "**Net Return**" has the meaning ascribed thereto in "*Offering Memorandum Summary – Summary of Fees and Expenses*";
- (lxiii) "**Net Subscription Proceeds**" means the gross proceeds to the Corporation from the sale of Class A Shares, less the expenses of this Offering;
- (lxiv) "**NI 33-105**" means National Instrument 33-105 – *Underwriting Conflicts* of the Canadian Securities Administrators on the date of this Offering memorandum;
- (lxv) "**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators on the date of this Offering Memorandum;
- (lxvi) "**Offering**" means the offering of Class A Shares pursuant to this Offering Memorandum;
- (lxvii) "**Offering Jurisdictions**" means, collectively, British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
- (lxviii) "**OM Exemption**" has the meaning ascribed thereto in "*Item 11 – Purchaser's Rights*";
- (lxix) "**Performance Fee**" has the meaning ascribed thereto in "*Offering Memorandum Summary – Summary of Fees and Expenses*";
- (lxx) "**Phase I Environmental Audit**" means an evaluation of Real Property for purposes of environmental analysis performed solely on the basis of historical records without invasive sampling or drillings from such property;

- (lxxi) "**Primary Mortgage**" means a Mortgage where, as at the date the Mortgage is acquired or the funds are initially committed (as the case may be) the indebtedness secured by such Mortgage generally does not exceed, on a property by property basis, 75% of the appraised value of the Real Property securing the Mortgage, as determined by the Manager or such person(s) authorized by the Board of Directors from time to time, provided that the appraised value may be based on stated conditions, including without limitation, construction, completion, rehabilitation or lease-up of improvements located on the Real Property;
- (lxxii) "**Proportionate Share**" when used to describe a shareholder's, or a Class', interest in any amount, means the portion of that amount obtained by multiplying that amount by a fraction, the numerator of which is the number of Shares of a Class or Voting Shares, as applicable, registered in the name of that shareholder, or that Class of Shares or Voting Shares, as the case may be, multiplied by the NAV per Share of that Class or Voting Share, as applicable, and the denominator of which is the NAV of such Class or NAV of such Voting Shares or NAV of the Corporation, as applicable;
- (lxxiii) "**Proposals**" has the meaning ascribed thereto in "*Item 6 – Canadian Income Tax Considerations*";
- (lxxiv) "**Quarterly Limit**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Other Retraction Provisions*";
- (lxxv) "**Real Property**" means land, rights or interest in land in Canada (including without limitation leaseholds, air rights and rights in condominiums, but excludes Mortgages) and any buildings, structures, improvements and fixtures located thereon;
- (lxxvi) "**Redemption**" means the redemption by the Corporation, at any time and from time to time, in its sole discretion, of Class A Shares pursuant to a written redemption notice;
- (lxxvii) "**Redemption Date**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Redemption Provisions*";
- (lxxviii) "**Redemption Price**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Redemption Provisions*";
- (lxxix) "**Registered Dealer**" means an entity registered as such with Securities Authorities;
- (lxxx) "**Regulations**" has the meaning ascribed thereto in "*Item 6 – Canadian Income Tax Considerations*";
- (lxxxii) "**Related Persons**" has the meaning ascribed to that term in the Tax Act as it relates to the description of the number of shares that may be held by shareholders of a "mortgage investment corporation", as such term is defined in the Tax Act;
- (lxxxiii) "**Repurchased Shares**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Restrictions on Ownership of Shares*";
- (lxxxiiii) "**Required Property**" has the meaning ascribed thereto in "*Item 6 – Canadian Income Tax Considerations – MIC Requirements*";
- (lxxxv) "**Residential Mortgage**" means a Mortgage secured by Real Property, which is intended for housing accommodation, together with any Real Property that is intended to be improved, converted or developed to provide housing accommodation, and Real Property that is associated with housing accommodation, such as single family residences and multifamily properties;
- (lxxxvi) "**Retracting Shareholder**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";
- (lxxxvii) "**Retracting Shares**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";

- (lxxxvii) "**Retraction Date**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";
- (lxxxviii) "**Retraction Notice Period**" means the quarterly retraction notice periods commencing on the first calendar day of each quarter and ending on the last calendar day of each quarter. The first Retraction Notice Period starts on January 1, 2018 and ends March 31, 2018;
- (lxxxix) "**Retraction Payment Date**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";
- (xc) "**Retraction Price**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";
- (xci) "**Retraction Price Date**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Retraction Provisions*";
- (xcii) "**Securities Authorities**" means collectively, the British Columbia Securities Commission, the Alberta Securities Commission and equivalent regulatory authorities in each of the Offering Jurisdictions in which Class A Shares are qualified for distribution;
- (xciii) "**Securitized Mortgage**" means a securitized Mortgage in the Mortgage Broker's existing established markets and in lower rate markets, which the Mortgage Broker syndicates by offering priority and a subordinated investment position in the Mortgage and fixing or floating the rate of return for each position;
- (xciv) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (xcv) "**Servicing**" has the meaning ascribed thereto in "*Item 2.7 – Material Agreements – Mortgage Broker Agreement*";
- (xcvi) "**Servicing Agent**" has the meaning ascribed thereto in "*Item 2.7 – Material Agreements – Mortgage Broker Agreement*";
- (xcvii) "**Share Class Expenses**" are the expenses of the Corporation charged or allocable to a specific Class of Shares or the Voting Shares, as determined by the Manager;
- (xcviii) "**Shareholder Matter**" means any of the following matters:
- (a) a change to the Investment Objectives or Investment Restrictions of the Corporation, other than any such changes as may be necessary to maintain the Corporation's status as a "mortgage investment corporation" for purposes of the Tax Act or otherwise to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
 - (b) a change in the Manager, other than (i) a change resulting in an affiliate of the Manager assuming such position, or (ii) a termination of the Management Agreement in accordance with its terms, or (iii) a change in accordance with the terms of the Management Agreement for which shareholder approval is not required;
 - (c) any increase in the basis of calculating Manager Fees paid to the Manager or the rate per annum of the Manager Fees;
 - (d) the sale of all or substantially all of the assets of the Corporation other than in the ordinary course of its activities and other than in connection with the termination of the Corporation;
 - (e) any amendment, modification or variation in the provisions or rights attaching to the Class A Shares, Class B Shares, Class C Shares, Class F Shares, Class I Shares or Voting Shares;

- (f) any cessation of the Corporation's Mortgage investment business and termination of the Corporation, other than, subject to applicable laws, a termination pursuant to the articles of the Corporation; and
 - (g) any other matters that holders of Shares are entitled to vote on pursuant to the Act;
- (xcix) "**Shareholders**" means those investors whose subscriptions to purchase Class A Shares offered by the Offering Memorandum are accepted by the Corporation and thereafter at any particular time such persons who are entered in the register or registers of the Corporation as holders of Class A Shares and the singular form means one such registered holder;
 - (c) "**Shares**" means any or all of the Class A Shares, Class B Shares, Class C Shares, Class F Shares, or Class I Shares as the context may require;
 - (ci) "**Subordinated Mortgage**" means a Mortgage where, as at the date the Mortgage is acquired or funds are initially committed (as the case may be), the subordinated indebtedness secured by such Mortgage plus the amount of additional secured third party indebtedness of the borrower in priority to the Corporation generally does not exceed, on a property by property basis, 85% of the appraised value of the Real Property securing the Mortgage, as determined by the Manager or such person(s) authorized by the Board of Directors from time to time; provided that the appraised value may be based on stated conditions, including without limitation, construction, completion, rehabilitation or lease-up of improvements located on the Real Property;
 - (cii) "**Subscriber**" means a subscriber for Class A Shares pursuant to the Offering;
 - (ciii) "**Subscription Agreement**" means the subscription agreement to subscribe for Class A Shares, including all forms, schedules and exhibits attached thereto;
 - (civ) "**Subscription Price**" means the amount paid by a Subscriber for a Class A Share;
 - (cv) "**Syndicated Mortgage**" means a Mortgage in which the Corporation participates with one or more lenders;
 - (cvi) "**Tax Act**" means the *Income Tax Act* (Canada), including the Regulations, as amended and replaced from time to time;
 - (cvii) "**Triggering Transaction**" has the meaning ascribed thereto in "*Item 5.1 – Terms – Restrictions on Ownership of Shares*";
 - (cviii) "**Valuation Date**" means, for the purposes of calculating NAV, the last Business Day of each calendar month and such other day or days as the Manager may determine or as may be required by applicable laws; and
 - (cix) "**Voting Shares**" means a class of shares in the capital of Corporation, designated as voting by the articles of the Corporation.

OFFERING MEMORANDUM SUMMARY

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

- Corporation:** Valmor™ Mortgage Investment Corporation
- Securities Offered:** A continuous offering of Class A Shares. There is no minimum offering amount. See "Item 5.2 – Plan of Distribution".
- Investment Objectives:** The Corporation has been created to acquire and maintain a portfolio of Mortgages that preserves capital and generates returns in order to permit the Corporation to pay Distributions to Shareholders. To achieve this Investment Objective, the Corporation will use the Net Subscription Proceeds to invest in loans secured by Mortgages relating to Residential Mortgages and Commercial Mortgages. Such investments will only occur in accordance with the Corporation's Investment Guidelines. Mortgage opportunities will be referred by the Mortgage Broker to the Corporation and the Manager for approval, and will be managed by the Manager.
- The Corporation will strive to generate income through interest which is either payable to the Corporation periodically throughout the term of the Mortgages or upon their expiration.
- Loan Syndication:** The Manager may, where possible and warranted, arrange for other mortgage investment entities managed by the Manager to invest in a Mortgage on a *pari passu* or subordinated basis.
- Distribution Policy:** Distributions on the Class A Shares shall be paid as and when declared by the Board of Directors. See "Item 5 – Description of Securities Offered" and "Item 6 – Canadian Income Tax Considerations".
- Retraction:** Subject to certain limitations as described herein, each Shareholder is entitled to request that the Corporation retract at any time and from time to time all or any of the Class A Shares registered in the name of the Shareholder at the prices determined and payable, and in accordance with the conditions, provided in the articles of the Corporation. There will be a Retraction Date established four times per year pursuant to the terms of the articles of the Corporation. See "Item 5 – Description of Securities Offered".
- Closing:** One or more dates prior to an estimated final closing date of April 26, 2018.
- Use of Proceeds:** Net Subscription Proceeds will be invested in Eligible Investments. See "Item 1 – Use of Available Funds".
- Taxation of the Corporation:** See "Item 6 – Canadian Income Tax Considerations".
- Investment by Deferred Plans:** The Class A Shares will be qualified investments as at the date hereof for trusts governed by Deferred Plans, provided that the Corporation qualifies at all times as a MIC and does not at any time hold any indebtedness, whether by way of Mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber under (or a holder of) such Deferred Plan, or of any other person who does not deal at arm's length with that person.

Notwithstanding that the Class A Shares may be a qualified investment for a trust governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund, the holder or annuitant of such plan will be subject to a penalty tax if such Class A Shares are a "prohibited investment" for

the purposes of the Tax Act for such plan. The Class A Shares will generally be a "prohibited investment" if the holder or annuitant: (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act; or (ii) has a "significant interest" (as defined in the Tax Act) in the Corporation. Generally, a holder or annuitant will have a "significant interest" in the Corporation if the holder or annuitant, either alone or together with persons or partnerships not dealing at arm's length with the holder or annuitant, own directly or indirectly 10% or more of the issued shares of any class of the capital stock of the Corporation or any related corporation within the meaning of the Tax Act. In addition, the Class A Shares will not be a "prohibited investment" if such shares are "excluded property" (as defined in the Tax Act) for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund.

Prospective Subscribers who intend to hold Class A Shares in a tax-free savings account, registered retirement savings plan or registered retirement income fund are urged to consult their own tax advisors as to whether such Class A Shares would constitute a "prohibited investment".

Transferability:

Securities laws will restrict, and may prohibit, the transfer of Class A Shares. These Class A Shares will not be listed on any stock exchange or otherwise transferable at will. See "*Item 10 – Resale Restrictions*".

Conflicts of Interest:

Due to the relationships and contractual arrangements outlined in "*Item 2.1 – Structure – Affiliates of the Corporation*", there is the potential for conflicts of interest between the Corporation, the Manager, the Mortgage Broker, CVC, the Custodian and COC. In addition, the Corporation is a "connected issuer" and may be considered a "related issuer" of CVC, as such terms are defined in NI 33-105. The Corporation has determined that it is a connected issuer and may be considered a related issuer of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby and based on the fact that the Corporation and CVC have common securityholders. In addition, CVC and the Manager have common securityholders. See "*Item 2.1 – Structure – Affiliates of the Corporation*" and "*Item 2.8 – Conflicts of Interest*".

Use of Leverage:

The Corporation does not currently have any indebtedness or any credit facilities. The Manager intends to operate the Corporation in a manner that keeps its assets in Mortgages as much as possible in order to maximize income to the Corporation and Distributions to Shareholders. The Corporation's ability to do so effectively, and to compete more effectively with other competitors, will be increased greatly if it has available to it a credit facility that it can use to acquire Mortgages when they are available in the market. A credit facility, which may be a revolving and/or term facility, would also allow the Corporation to maintain lower cost liquidity for its working capital needs, for any retraction requests it receives from the Shareholders and invest in Eligible Investments. Accordingly, the Manager may secure a credit facility for the Corporation with an arm's length commercial bank or other non-arm's length source in the future in order to facilitate the purchasing of Mortgages when it is considered appropriate by the Manager and to ensure the efficient operation of the Corporation's affairs. See "*Item 8 – Risk Factors – Borrowing and Leverage*". The Corporation may not borrow amounts greater than 30% of its total assets. The amount of leverage used by the Corporation within these limits will be established by the Board of Directors on the advice of the Manager from time to time. See "*Item 2.2 – Our Business – Investment Restrictions*".

Risk Factors:

Investment in the Corporation entails a number of risks. The Corporation's business is subject to certain risk factors that should be carefully considered, including without limitation, the risks related to the following:

- there is no assurance of achieving the Investment Objectives;
- there is no market for the Corporation's securities and resale restrictions;
- retraction rights of the Class A Shares;
- the speculative nature of Offering;
- the Corporation's status as a MIC with limited operating history;
- reliance on management;
- the performance of the Manager;
- Lack of separate legal counsel;
- title to Mortgages not in name of Corporation;
- industry risks;
- no regulatory review of the Offering Memorandum;
- there are no guarantees or insurance;
- Mortgage Portfolio not insured;
- the Corporation's qualification as a MIC;
- the absence of voting rights;
- dilution and future securities offerings;
- share class risk;
- limitations on ownership and repurchases of shares;
- the nature of the Corporation's investments;
- the payment of dividends;
- the availability of investments;
- the sensitivity to interest rates;
- the composition of the Mortgage Portfolio;
- Mortgage extensions and defaults;
- foreclosure and related costs;
- litigation risks;
- the Corporation's failure to meet commitments;
- borrowing and leverage risks;
- competition;
- changes in legislation;
- environmental and other regulatory matters;
- conflicts of interest;
- fair allocation;
- subordinated loans and mortgages;
- the Corporation's ability to manage growth; and
- cyber security.

The risks are more fully described in the section entitled "*Item 8 – Risk Factors*".

You should carefully consider whether your financial condition and/or investment objectives, including retirement and registered education plans, permit you to invest in the Corporation. The Class A Shares are speculative and involve a high degree of risk. An investment in Class A Shares is appropriate only for investors who have the ability to absorb a loss of some or all of their investment and who does not require liquidity. See "*Item 8 – Risk Factors*".

Certificates: The issuance of Class A Shares will be evidenced by an electronic registration in the Corporation's books and records using a Direct Registration System. Physical certificates for Class A Shares will not be issued to Shareholders unless requested.

Summary of Fees and Expenses:

This table lists the fees and expenses payable by the Corporation and which a Subscriber will have to pay indirectly, therefore reducing the value of the Subscriber's investment in the Corporation. This table also lists the Early Retraction Charges and transaction processing fees that a Subscriber may have to pay, if applicable.

<u>Type of Fee</u>	<u>Amount and Description</u>
Manager Fees	The Corporation shall pay the Manager a fee equal to 1.35% per annum, plus applicable taxes, of the gross assets of the Corporation attributable to the Class A Shares, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month for providing the Manager Services.
Performance Fee	Within 30 days following the end of each fiscal year, the Corporation will pay a fee (the " Performance Fee ") to the Manager in respect of the Class of Shares equal to 20% of the amount by which the Net Return of the Class A Shares for that year exceeds the product of (i) the average month-end NAVs during such year, and (ii) the average of the two-year Government of Canada bond yield on the last day of each calendar month during the year plus 400 basis points (the " Hurdle Rate ") and prorated for any partial years. The " Net Return " in respect of the Class A Shares for any period means the interest income and any other income of the Corporation during such period attributable to the Class A Shares, less the fees and expenses of the Corporation (other than the Performance Fee) attributable to the Class A Shares during such period.
Mortgage Broker Fee	The Mortgage Broker is entitled to receive a fee from the Corporation equal to 0.15% per annum, plus applicable taxes, of the outstanding gross aggregate principal balance of all such Mortgages in the Mortgage Portfolio, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month before distributing amounts to the Corporation under the Mortgage Broker Agreement. In addition, the Mortgage Broker is entitled to retain any overnight float interest on all accounts maintained by it and all charges, origination fees, brokers fees, lenders fees, commitment fees, extension fees, renewal fees, NSF fees, advance fees, discharge fees, late payment fees, administration fees and similar other fees to borrowers with respect to Mortgages in the Mortgage Portfolio, all of which fees shall be and remain the sole property of the Mortgage Broker.

<u>Type of Fee</u>	<u>Amount and Description</u>
General and Administrative Expenses	<p>The Corporation will pay for all expenses it incurs in connection with its operation and administration, including, without limitation: (i) financial reporting costs and mailing and printing expenses for period reports to shareholders and any other shareholder communications including marketing and advertising expenses; (ii) any taxes payable by the Corporation; (iii) fees payable to the Corporation transfer agent and its Custodian or sub-custodians, if any; (iv) costs and fees payable to any agent, legal counsel, investment counsel, investment advisor, actuary, valuator, technical consultant, accountant or auditor or other third-party service provider; (v) ongoing regulatory filing fees, licence fees and other fees (including stock exchange fees and listing fees); (vi) any expenses incurred in connection with any legal proceedings in which the Manager or the Mortgage Broker participates on behalf of the Corporation or any other acts of the Manager or any other agent of the Corporation in connection with the maintenance or protection of the property of the Corporation, including, without limitation, costs associated with enforcement of Mortgage loans; (vii) any fees payable to, and expenses (including legal expenses) incurred by, the Board of Directors; (viii) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Corporation; (ix) consulting fees, including website maintenance costs and expenses associated with the preparation of tax filings; and (x) other administrative expenses of the Corporation.</p> <p>The Corporation will also be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service and costs relating to any credit facilities and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable.</p>
Early Retraction Charge	<p>The Retraction Price for each Retracting Share will be reduced by a percentage of the original purchase price of the Retracting Share in accordance with the following schedule: year 1 – 3%; year 2 – 2%; year 3 – 1%, where each year is calculated from the issue date of a Retracting Share to the next annual anniversary date. See "<i>Item 5.1 – Terms – Early Retraction Charges</i>".</p>
Transaction Processing Fee	<p>Subscribers may have to pay a reasonable transaction processing fee to be established by the Corporation from time to time, for processing retraction requests, share transfers and requested changes to a Shareholder's Class A Shares, such as name changes, address changes, dividend payment option changes, certificate issuances or re-issuances and additional reporting requests.</p>
Sales Fee	<p>The Corporation agrees to pay CVC a fee of up to 1% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent, and the Manager agrees to pay CVC a fee of up to 3% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent. See "<i>Item 7 – Compensation Paid to Sellers and Finders</i>" and "<i>Item 2.7 – Material Agreements – Agency Agreement</i>".</p>

Organization and Management of the Corporation:

<u>Affiliated Service Provider</u>	<u>Services Provided</u>
<p><i>Manager</i> Carecana™ Management Corp. Suite 1800, 555 – 4th Avenue S.W. Calgary, Alberta T2P 3E7</p>	<p>The Manager provides restricted portfolio manager services and investment fund management services to the Corporation.</p>

Affiliated Service Provider

Mortgage Broker
CareVest® Capital Inc.
Suite 710, 1055 West Georgia Street
Vancouver, British Columbia V6E 3R5

Custodian
Carecana™ Settlement Corp.
Calgary, Alberta

Agent
CVC™ Market Point Inc.
Calgary, Alberta

Services Provided

The Mortgage Broker originates, structures, advances and administers on a daily basis the Mortgage investments of the Corporation.

The Custodian has physical custody of the cash assets of the Corporation.

CVC has agreed to use its commercially reasonable efforts to sell the Class A Shares under the Offering to Subscribers.

See "Item 2.1 – Structure – Affiliates of the Corporation" and "Item 2.7 – Material Agreements".

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Net Proceeds and Available Funds

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this Offering	\$0	\$20,000,000
B	Selling commissions and fees	\$0	\$200,000 ⁽¹⁾
C	Estimated offering costs	N/A	N/A ⁽²⁾
D	Net Subscription Proceeds	\$0	\$19,800,000
E	Additional sources of funding required	\$0	\$0 ⁽³⁾
F	Working Capital Deficiency	\$0	\$0
G	Total	\$0	\$19,800,000

Notes:

- (1) The Corporation intends to primarily sell the Class A Shares through CVC, a Registered Dealer in British Columbia and Alberta, as well as through sub-agents who will be contracted through CVC for sales in the Offering Jurisdictions, the terms and conditions of which are anticipated to be those that are customary in respect of offerings of a similar nature. CVC will receive: (a) a fee from the Corporation of up to 1% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent; and (b) a fee from the Manager of up to 3% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent, as set forth in "Item 7 – Compensation Paid to Sellers and Finders".
- (2) The estimated Offering expenses of \$10,000 will be paid by the Manager. The Corporation will not be required to reimburse the Manager for the expenses paid on its behalf.
- (3) The Manager may secure a credit facility for the Corporation in the future in order to facilitate the purchasing of Mortgages when it is considered appropriate by the Manager and to ensure the efficient operation of the Corporation's affairs; however, obtaining such a facility is not required for the Corporation to operate.

1.2 Use of Available Funds

The Corporation will use the available funds from this Offering as follows:

Description	Assuming Minimum Offering	Assuming Maximum Offering
Estimated investment in Eligible Investments as set out under "Item 2 – Business of the Corporation"	N/A	\$19,463,400 – \$19,800,000
Estimated Manager Fees as set out under "Item 2.7 – Material Agreements"	N/A	\$0 – \$267,300 ⁽¹⁾
Estimated Mortgage Broker Fees as set out under "Item 2.7 – Material Agreements"	N/A	\$0 – \$29,700 ⁽²⁾
Estimated General and Administration Expenses	N/A	\$0 – \$39,600 ⁽³⁾⁽⁴⁾
Total		\$19,800,000

Notes:

- (1) The Corporation will pay to the Manager the Manager Fees of 1.35% of the gross assets of the Corporation as per the terms of the Management Agreement. The Corporation expects to pay such amount from the stream of income generated by the Corporation from investing in Eligible Investments. Should the Corporation's stream of income from investing in Eligible Investments be insufficient to pay the Manager Fees, the Corporation may use the Net Subscription Proceeds to pay the Manager Fees. See "Item 2.1 – Structure – Affiliates of the Corporation" for a description of the relationship between the Corporation and the Manager.
- (2) The Corporation will pay to the Mortgage Broker the Mortgage Broker Fee of 0.15% of the gross Mortgage Portfolio of the Corporation as per the terms of the Mortgage Broker Agreement. The Corporation expects to pay such amounts from the stream of income generated by the Corporation from investing in Eligible Investments. Should the Corporation's stream of income from investing in Mortgages be insufficient to pay the Mortgage Broker Fee, the Corporation may use the Net Subscription Proceeds to pay the Mortgage Broker Fees. See "Item 2.1 – Structure – Affiliates Parties of the Corporation" for a description of the relationship between the Corporation and the Mortgage Broker.
- (3) The Corporation will pay General and Administration Expenses of an estimated 0.20% of the gross assets of the Corporation. The Corporation expects to pay such amounts from the stream of income generated by the Corporation from investing in Eligible Investments. Should the Corporation's stream of income from investing in Eligible Investments be insufficient to pay the General and Administration Expenses, the Corporation may use the Net Subscription Proceeds to pay General and Administration Expenses.
- (4) The Corporation intends to invest the Net Subscription Proceeds in Eligible Investments. The Corporation will generally only invest in Mortgages for which it has reviewed and evaluated an independent appraisal and Phase I Environmental Audit and other reports. The costs for these reports

are typically paid for by the borrower. The Corporation currently does not expect to incur any costs related to appraisals, environmental and other loan submission costs. Should any such costs be incurred, the Corporation may use the Net Subscription Proceeds to pay such costs.

The Net Subscription Proceeds will be invested in Eligible Investments. Investments in Mortgages will be made as set out in "*Item 2.2 – Our Business*". Pending investment in Mortgages and/or Mortgage Related Investments, the Net Subscription Proceeds may be invested in Authorized Interim Investments. The Manager will use its reasonable commercial efforts to make suitable investments of the Net Subscription Proceeds in Mortgages and/or Mortgage Related Investments as soon as possible following each Closing.

The Corporation will also be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service, commitment fees and costs relating to any credit facilities, insurance premiums and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable.

As funds are raised pursuant to the Offering under this Offering Memorandum, information and updates about the Mortgage Portfolio shall be provided on a monthly basis on the Manager's website at www.carecanacorp.com. The information shall include information about each Mortgage in the Mortgage Portfolio including: priority ranking, loan interest rate, term or demand, due date, balance outstanding, estimated loan-to-value ratio as at the date the Mortgage is acquired or funds are initially committed, type of Mortgage, Mortgage loan category and the province location, and whether the Mortgage is in good standing.

The Corporation will file a Form 45-106F16 – *Notice of Use of Proceeds* under its corporate profile on SEDAR at www.sedar.com within 120 days of each financial year end, until such time as the use of all proceeds has been disclosed.

1.3 Reallocation

The Corporation intends to use the Net Subscription Proceeds as stated under "*Item 1.2 – Use of Available Funds*", and will reallocate the Net Subscription Proceeds only for sound business reasons and in accordance with the process set out herein. Reallocation of the Net Subscription Proceeds for any purpose not contemplated in this Offering Memorandum will require the prior approval of the Board of Directors and may, in certain circumstances, require prior approval by a vote of the holders of Class A Shares. To the extent that funds are not invested in the Mortgages or Mortgage Related Investments from time to time, they will be invested in other Authorized Interim Investments.

ITEM 2: BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated under the Act on June 28, 2016. The Corporation was extra provincially registered in Alberta on June 28, 2016 and in British Columbia on June 28, 2016. The Corporation may be extra-provincially registered in other provinces in the future to conduct business in other Canadian jurisdictions as may be approved by the Board of Directors.

The principal place of business of the Corporation and the Manager located at Suite 1800, 555 – 4th Avenue S.W., Calgary, Alberta, T2P 3E7. The telephone number of the Manager is (403) 648-3613, the email address of the Manager is investor@carecanacorp.com, the facsimile number is (403) 262-9520 and the website of the Manager is www.carecanacorp.com.

The Corporation will be managed by the Manager, which also manages several other MICs (collectively with the Corporation, the "CareVest MIC entities").

Affiliates of the Corporation

Manager

The Corporation has appointed the Manager, registered as an investment fund manager and restricted portfolio manager in Alberta, under the Management Agreement to manage the investments of the Corporation. The Corporation and the Manager have common securityholders, directors and officers. Pursuant to the terms of the Management Agreement, the Manager is to manage the investments of the Corporation and has discretionary authority over the Corporation's investments. The Mortgage Broker will present Mortgage opportunities to the Manager's Credit Committee. The Manager's Credit Committee will review, analyze and approve or decline each Mortgage opportunity. To the extent that funds are not invested in Eligible Investments from time to time, they will be held in an interest bearing account at a Schedule I bank. See "Item 2.2 – Our Business – Investment Policies and Practices". The Manager also performs investment fund and restricted portfolio managerial duties for other CareVest MIC entities. As a result of previous economic downturns, investments of the other CareVest MIC entities were impacted by defaulted mortgages. The CareVest MIC entities and the Manager have expended their own resources towards the recovery of certain defaulting mortgages comprising the assets of the other CareVest MIC entities, directed and managed the legal efforts associated therewith, and fulfilled its obligations in tracking and reporting the investments, all in an effort to protect and preserve the interests of the investors of each MIC. The historical performance of other CareVest MIC entities can be found on the Manager's website at www.carecanacorp.com including net asset value and dividend per share metrics. Net asset value metrics reflect the aggregate value of all assets under administration, including any provisions for mortgage impairment. The Manager has appointed COC pursuant to a Corporate Services Agreement to provide general corporate services. Similar agreements are in place between COC and each of the Mortgage Broker and CVC and other affiliated entities. The Manager provides consulting services to COC pursuant to a Consulting Services Agreement. Similar agreements are in place between COC and each of the Mortgage Broker and other affiliated entities.

Mortgage Broker

The Corporation appointed the Mortgage Broker under the Mortgage Broker Agreement to originate, structure, advance and administer on a daily basis Mortgages and refer to the Corporation and the Manager for approval selected Mortgage investment opportunities that may meet the Investment Guidelines. These Mortgages will form part of the Mortgage Portfolio. The Corporation and the Mortgage Broker have common securityholders. The Mortgage Broker is also the broker for the other CareVest MIC entities, and CVC acts as the exempt market dealer for both the Corporation and the Mortgage Broker to execute trades in the Mortgage Portfolio. The Mortgage Broker has been in existence since 1994 with offices in Alberta and British Columbia and over the past five years the CareVest MIC entities have funded about \$700 million¹ in mortgage opportunities referred by the Mortgage Broker. The Mortgage Broker has appointed COC pursuant to a Corporate Services Agreement to provide general corporate services. Similar agreements are in place between COC and each of the Manager, CVC and other affiliated entities.

¹ Per the audited statements of cash flows for the fiscal years ended 2016, 2015, 2014, 2013 and 2012 for the CareVest MIC entities.

The Mortgage Broker provides consulting services to COC pursuant to a Consulting Services Agreement. Similar agreements are in place between COC and each of the Manager and other affiliated entities.

Agent

The Corporation appointed CVC, a Registered Dealer and an affiliate of the Corporation, under the Agency Agreement to sell the Class A Shares. COC provides general corporate services to CVC pursuant to a Corporate Services Agreement. Similar agreements are in place between COC and each of the Manager, the Mortgage Broker and other affiliated entities. The Corporation has determined that it is a "connected issuer" and may be considered a "related issuer" of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby and based on the fact that the Corporation and CVC have common securityholders.

Custodian

The Corporation appointed the Custodian pursuant to the terms of the Custodial Agreement to deposit idle cash funds in an interest bearing, Schedule I bank trust account or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation in situations where the Net Subscription Proceeds are to be held in Authorized Interim Investments pending investments in Eligible Investments. The Corporation and the Custodian have common securityholders. The Corporation intends to hold idle cash funds with the Custodian. The Corporation has a general operating bank account to facilitate day to day operational transactions.

2.2 Our Business

Overview of the Real Estate Segment

The Corporation has been created to acquire and maintain a portfolio of Mortgages that preserves capital and generates returns in order to permit the Corporation to pay Distributions to Shareholders. To achieve the Investment Objectives, the Corporation will use the Net Subscription Proceeds to invest in loans secured by Mortgages relating to Residential Mortgages and Commercial Mortgages. Such investments will only occur in accordance with the Corporation's Investment Guidelines.

The Corporation has been formed with the intent to provide investors with an opportunity to invest indirectly, by holding the Class A Shares, in Mortgages in the Mid-Tier Lending Markets. The Mid-Tier Lending Markets differ from tier-one segments. Differences may include lower amounts of borrower equity, lower presales/pre-leasing and the size of loans. Management believes that the Mid-Tier Lending Markets may be under-serviced by the large financial institutions in Canada and that there are attractive opportunities to underwrite well-structured, secure mortgage loans with attractive pricing. Accordingly, management believes that the Mid-Tier Lending Markets present a significant opportunity for short-term, customized loans to experienced borrowers who often require faster execution and more flexible terms. Typical loan size ranges from \$250,000 to \$2,000,000 but may be significantly smaller or larger in some cases and typical loan terms are from 12 to 24 months in duration. Management believes that flexibility and responsiveness are the keys to success in this market. The Corporation will generally compete for investments in the Mid-Tier Lending Markets with individuals, corporations and institutions (both Canadian and foreign), many of whom may have greater financial resources than those of the Corporation, or operate without the investment or operating restrictions to which the Corporation is subject, or according to more flexible conditions. See "*Item 8 – Risk Factors – Competition*".

Management believes that MICs are better positioned to provide tailored solutions to borrowers than most traditional lenders because they are not subject to the strict lending guidelines generally associated with chartered banks and other traditional lenders. In management's experience, this allows MICs to complete the structuring, due diligence and funding of loans within a shorter timeframe than most chartered banks and traditional lenders. Management believes that this creates an opportunity for the Corporation to underwrite Mortgage loans with a targeted yield, net of the Corporation's fees and expenses, of 5% to 6% to investors per annum. See "*Item 8 – Risk Factors – No Guarantees or Insurance*".

Types of Mortgages

Mortgages in the Mortgage Portfolio are intended to primarily consist of Residential Mortgages secured by Primary Mortgages and/or Subordinated Mortgages. Mortgages with the following types of underlying properties will be targeted by the Corporation:

- (i) single-family residential structures properties;
- (ii) multi-family residential structures properties including properties for apartment structures of various sizes and construction type, townhomes, condominium-hotel combinations, short-or long-term rental units, student housing, or other structures typically comprised of residential dwellings;
- (iii) raw land properties, including land typically termed "greenfield", meaning land that has never been developed extensively with residential structures and, in some cases, may have no current entitlement for developed structures but it is the borrower's intention to obtain entitlement for residential development; and
- (iv) infill land properties, including land for which the highest and best use is deemed to be a residential structure other than the developed structure currently or formerly in place.

Mortgages in the Mortgage Portfolio may also consist of Commercial Mortgages secured by Primary Mortgages and/or Subordinated Mortgages. Mortgages with the following types of underlying properties will be targeted by the Corporation:

- (i) office properties, including properties understood to be "Class A", "Class B", or "Class C" office realty whether such properties are suburban, urban or rural in nature;
- (ii) industrial properties, including properties falling under municipal zoning classifications or designated uses of land for the purpose of heavy and light industry and/or warehousing and storage activities;
- (iii) retail properties, including properties used for strip centres, community retail centres, power centres, enclosed or open air malls, or any other premises where commercial retail activity is conducted;
- (iv) hospitality properties, including properties for hotels, motels, motor inns, hostels, resorts, time share realty, properties intended to be used seasonally or intended to generate revenue for the owner through rental terms of less than one year in duration; and
- (v) infill land properties, including land for which the highest and best use is deemed to be a commercial structure other than the developed structure currently or formerly in place.

The Mortgage Portfolio may also consist of Mortgages on unique or special purpose properties which a special purpose user wishes to develop for sake of its own business or other activity and which may not represent the highest and best use of the site or assets for any other individual user.

Mortgage Loan Categories

The Corporation intends that the Mortgages will typically fit into one of the following loan categories:

- (i) Land Loans: Typically advanced to finance the acquisition and/or the development of land. The process includes the land acquisition and the development process which involves zoning and/or development approval, road construction, installation of services and utilities and other improvements required by the governing municipality to produce serviced lots for sale. Land loans could also include loans for raw land expected to become actively developed within the short term. The loan may be for all or any phases of the process. The funding program for the acquisition phase is typically completed through a one-time funding advance while the funding program for the

development phases is typically completed through progress advances on a work-in-place/cost-to-complete basis.

- (ii) Construction Loans: Typically advanced to finance the construction, development or re-development of various types of properties and the funding program is typically through progress advances on a work-in-place/cost to complete basis.
- (iii) Inventory Loans: Typically advanced to finance projects that are available for sale. The funding program is typically through a one-time funding advance, but may include additional funding for improvements and upgrades.
- (iv) Term Loans: Typically advanced to finance completed projects that will produce business income, which are typically rental properties or owner-occupied businesses. The funding program is typically through a one-time funding advance, but may include additional funding for improvements and upgrades.
- (v) Equity Loans: Typically advanced to finance equity or other interests in real estate projects. The funding program is typically through a one-time funding advance, but may include additional funding for improvements and upgrades.

In addition to a Mortgage on Real Property, from time to time the Corporation may take a collateral mortgage charge on a property or project for which the funds are advanced to the borrower by the Corporation. These collateral charges may be secured by properties that do not meet the types and categories discussed above. These collateral charges are intended to reduce the risk to the Corporation of non-repayment in the event of default by the borrower. In some cases the net value of the collateral mortgages may be necessary to meet threshold loan to value ratios acceptable to the Corporation for target mortgages.

The Corporation may purchase interests in Syndicated Mortgages. The other positions in the Syndicated Mortgages may be taken up by other investment vehicles, which may include the Mortgage Broker, the Manager, other MICs managed by the Manager that may have similar investment objectives, or its affiliates where possible and warranted on a *pari passu* basis or on a subordinated basis. Participating in Syndicated Mortgages reduces the Corporation's investment and corresponding exposure in any one Mortgage investment.

A Syndicated Mortgage may also be structured as a Securitized Mortgage. The Mortgage Broker may create Securitized Mortgages in its rate markets and in lower rate markets. The lower rate markets are comprised of projects which, because of their features and market conditions, have lower perceived risk and, accordingly, are funded at lower interest rates. In order to take advantage of the lower rate markets, each position within a Securitized Mortgage will have a different fixed or floating rate of return, from a lower rate for the first position to higher rates on a graduated basis for the subordinate positions and a different priority position in respect of payments of interest, other distributions and returns of capital. The Mortgage Broker has sole discretion to set and adjust the fixed rates of return for all participating interests it offers in Securitized Mortgages and may adjust the rates offered from time to time or at regular intervals to meet changing circumstances.

Mortgage Selection Process

The Corporation invests in Mortgages based upon the assessment of the Manager, as its restricted portfolio manager, that the investment is suitable and meets its Investment Guidelines at the time. All properties will be evaluated on the basis of certain factors, including but not limited to, the location, quality and prospects for capital appreciation and, in the case of Commercial Mortgages, on prospects for income. In addition, the credit of the borrower will also be reviewed and, where appropriate, personal covenants will be obtained. The Corporation will generally invest only in Mortgages on properties for which the Manager has reviewed an independent appraisal and, where appropriate, a Phase I Environmental Audit of the property.

The composition of the Mortgage Portfolio will vary over time and the type and category of Mortgage investments available to the Corporation will depend in part upon market conditions and outlook. The Mortgage Broker's operations in Western Canada enable it to source potential investments throughout Western Canada. The Corporation will, where possible and warranted, change the mix of the Mortgages in the Mortgage Portfolio and will strive to maintain a mix between Residential Mortgages and Commercial Mortgages, Primary Mortgages and Subordinated

Mortgages in response to market conditions and opportunities in accordance with the Investment Guidelines. See "Item 2.2 – Our Business – Investment Policies and Practices" and "Item 8 – Risk Factors – Composition of the Mortgage Portfolio".

The Corporation may also invest in Mortgages or other investments that meet its investment criteria, such as other Mortgage Related Investments and Authorized Interim Investments.

Mortgage Portfolio

The Mortgage Portfolio information presented below is subject to change. The current version will be available for review at www.carecanacorp.com.

MONTHLY MORTGAGE PORTFOLIO UPDATE			
CARECANA™ MANAGEMENT CORP.			
VALMOR™ MORTGAGE INVESTMENT CORPORATION - CLASS A SHARES			
ALL INFORMATION AS OF MARCH 31, 2017			

This Monthly Mortgage Portfolio Update contains information about each Mortgage in the Mortgage Portfolio as per Valmor™ Mortgage Investment Corporation's ("Valmor MIC") current Offering Memorandum. Ask your representative for a copy, contact CVC™ Market Point Inc. at 1-877-847-6797 or email invest@cvcmarketpoint.com or visit www.cvcmarketpoint.com.

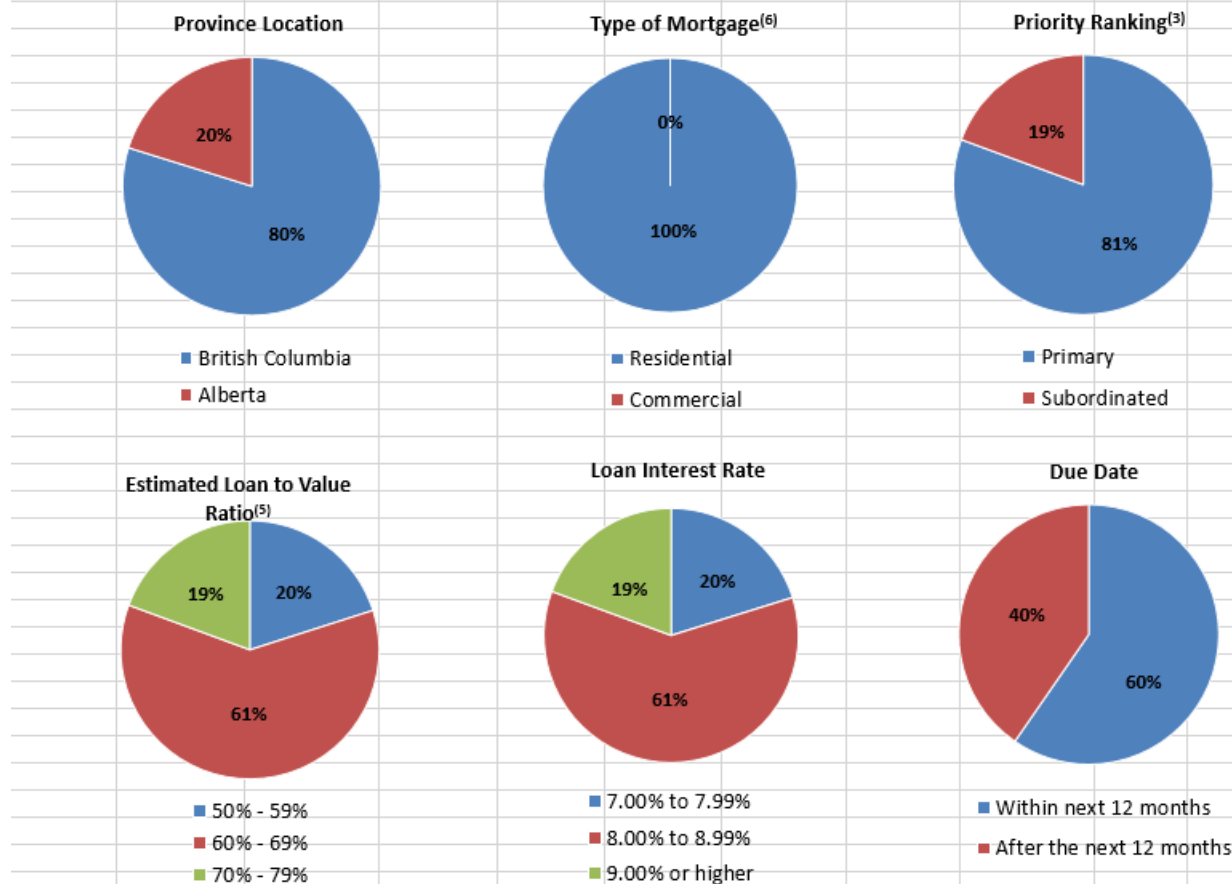
PORTFOLIO HIGHLIGHTS

Mortgage Portfolio - in good standing	\$ 114,271	Weighted Average Loan Interest Rate	8.44%
Number of Mortgages Outstanding	6	Weighted Average Estimated Loan to Value Ratio ⁽⁵⁾	64.28%
Funds In Trust	\$ 775		

VALMOR MIC FUND PERFORMANCE

Quarterly Dividend per Class A Share at Mar 31/17 ⁽¹⁾⁽²⁾	\$ 0.1142	Net Asset Value per Class A Share ⁽¹⁾	\$ 9.90
Number of Outstanding Class A Shares	11,710	Net Asset Value ⁽¹⁾	\$ 115,860

MORTGAGE PORTFOLIO SUMMARY



MONTHLY MORTGAGE PORTFOLIO UPDATE										
CARECANA™ MANAGEMENT CORP.										
VALMOR™ MORTGAGE INVESTMENT CORPORATION - CLASS A SHARES										
ALL INFORMATION AS OF MARCH 31, 2017										
MORTGAGE PORTFOLIO DETAILS										
Mortgage #	Priority Ranking ⁽³⁾	Loan Interest Rate	Term or Demand ⁽⁴⁾	Due Date	Balance Outstanding	Estimated Loan To Value Ratio	Type of Mortgage ⁽⁶⁾	Mortgage Loan Category ⁽⁷⁾	Province Location	Mortgage in Good Standing ⁽⁸⁾
216501	Primary	7.75%	Term	Jul 2018	\$ 23,066	66.30%	Residential	Land	BC	Yes
216502	Primary	8.00%	Term	Jun 2018	\$ 23,066	66.80%	Residential	Construction	BC	Yes
216505	Primary	8.00%	Term	Aug 2017	\$ 15,866	52.60%	Residential	Construction	BC	Yes
216992	Primary	8.00%	Term	Jan 2018	\$ 7,064	59.70%	Residential	Construction	BC	Yes
217001	Subordinated	10.00%	Term	Feb 2018	\$ 22,144	73.30%	Residential	Land	BC	Yes
316408	Primary	8.50%	Term	Feb 2018	\$ 23,066	60.50%	Residential	Construction	AB	Yes

Notes:

⁽¹⁾ There is no assurance that historical performance will be representative of future performance. Performance, Net Asset Value per Class A Share and Net Asset Value information provided is unaudited, net of all fees and expenses and has been prepared by Carecana Management Corp.

⁽²⁾ Quarterly Dividend per Class A Share represents the actual quarterly dividend declared at the end of the most recently completed calendar quarter. Future quarterly dividends per Class A Share will be determined by Valmor MIC's Board of Directors in their discretion.

⁽³⁾ Priority Ranking: Primary Mortgage or Subordinated Mortgage, see current Offering Memorandum for definitions.

⁽⁴⁾ Term or Demand: A Term mortgage is a mortgage in which interest is paid monthly and the principal is due at maturity. A Demand mortgage is a mortgage that can be called for a complete repayment at anytime, with or without a fixed maturity date.

⁽⁵⁾ Estimated Loan to Value Ratio is as at the date the Mortgage is acquired or funds are initially committed and is calculated by dividing the loan amount by appraised value, see current Offering Memorandum for further details on appraised value.

⁽⁶⁾ Type of Mortgage: Residential or Commercial, see current Offering Memorandum for definitions.

⁽⁷⁾ Mortgage Loan Categories: Land, Construction, Inventory, Term or Equity, see current Offering Memorandum for further details on each loan

⁽⁸⁾ A Mortgage is considered to be "in good standing" if monthly interest payments and principal are less than 90 days outstanding in accordance with the terms of the agreement.

Valmor Mortgage Investment Corporation is a connected issuer and may be considered a related issuer of CVC Market Point Inc.

Valmor Mortgage Investment Corporation is a connected and related issuer of Carecana Management Corp.

Capital Resources

The Corporation does not currently have any long-term debt. The Corporation expects to utilize leverage from time to time through a credit facility, which may be a revolving and/or term facility, to be arranged with an arm's length commercial bank or other non-arm's length source.

The Manager intends to manage the Corporation in a manner that keeps its assets in Mortgages as much as possible in order to maximize income to the Corporation and Distributions to the Shareholders. The ability of the Corporation to do so effectively, and to compete more effectively with other competitors, will be increased greatly if it has available to it a credit facility that it can use to acquire Mortgages when they are available in the market. A credit facility would also allow the Corporation to maintain lower cost liquidity for its working capital needs, for any retraction requests it receives and invest in Eligible Investments. Accordingly, the Manager intends to secure a credit facility for the Corporation in the future in order to facilitate the purchasing of Mortgages when it is considered appropriate by the Manager and to ensure the efficient operation of the Corporation's affairs. It is expected that the terms, conditions, interest rate, fees and expenses of and under any future facility will be typical of credit facilities

of this nature and that the lender will require the Corporation to provide a security interest in favour of the lender in the assets of the Corporation to secure such borrowings. See "*Item 8 – Risk Factors – Borrowing and Leverage*".

A credit facility can be extremely useful in the operation of a MIC as the Mortgage lending market is very competitive and is also somewhat seasonal. Borrowers tend to seek loans more often during specific times of the year, and tend to repay loans more aggressively during other times of the year. As a result, good quality loans are more readily available during certain seasons and are scarcer during other times of the year. In the absence of sufficient credit facility a MIC may end up having large amounts of idle cash at certain times of the year, or insufficient funds at other times of the year.

The Corporation will not be able to borrow amounts greater than 30% of its total assets. See "*Item 2.2 – Our Business – Investment Restrictions*" and "*Item 8 – Risk Factors – Borrowing and Leverage*". The amount of leverage used by the Corporation within these limits will be established by the Board of Directors on the advice of the Manager from time to time.

Investment Objectives

The principal Investment Objectives of the Corporation are to acquire and maintain a portfolio of Mortgages that preserves capital and generates returns in order to permit the Corporation to pay Distributions to its Shareholders.

Investment Restrictions

The Corporation's current investment restrictions are as follows:

- (i) it will not make any investment or conduct any activity that would result in the Corporation failing to qualify as a "mortgage investment corporation" within the meaning of the Tax Act;
- (ii) it will not invest in securities other than Mortgages, Mortgage Related Investments and Authorized Interim Investments;
- (iii) it will not guarantee securities or obligations of any person or company;
- (iv) it will not borrow amounts greater than 30% of its total assets;
- (v) it will not engage in securities lending;
- (vi) it will not engage in derivative transactions for any purpose, other than derivative transactions to hedge interest rate risk and not for speculative purposes; and
- (vii) it will not invest in asset backed commercial paper or in securitized pools of sub-prime mortgages.

The Corporation's investment restrictions set out above can only be amended, supplemented or replaced by amending the articles of the Corporation, which requires approval of the Shareholders by an Extraordinary Resolution at a meeting called and held for such purpose.

Investment Policies and Practices

The Corporation's current investment policies and practices are as follows:

- (i) the Corporation will generally not purchase interests in Mortgages that were originated prior to the incorporation date of the Corporation.
- (ii) the Corporation will generally purchase interests in Mortgages originated, structured and advanced by the Mortgage Broker and its affiliates and associates or in Syndicated Mortgages. The other positions in the Syndicated Mortgages may be taken up by other investment vehicles, which may include the Mortgage Broker, the Manager, other MICs managed by the Manager that may have similar Investment Objectives, or its affiliates where possible and warranted on a *pari passu* or

subordinated basis and may purchase interests in Mortgages from other arm's length mortgage brokers;

- (iii) all Mortgage investments will be made in Canada;
- (iv) the Corporation will generally not invest in a Mortgage or loan any funds to be secured by a Mortgage unless at the date the Mortgage is acquired or funds are initially committed, as the case may be, the indebtedness secured by such Mortgage plus the amount of additional secured third-party indebtedness of the borrower registered in priority to the Corporation, if any, does not exceed 85% of the appraised value of the Real Property securing the Mortgage, as determined by the Manager or such persons authorized by the Manager from time to time; provided that the appraised value may be based on stated conditions including, without limitation, construction, "as complete" or other conditions or assumptions;
- (v) the Corporation, as and when required, will generally invest only in Mortgages on properties for which the Corporation has reviewed and evaluated an independent appraisal and generally the Corporation will receive a Phase I Environmental Audit of the property, the cost of which is typically paid for by the borrower;
- (vi) the appraised value of the Real Property at the date the Mortgage is acquired or funds are initially committed, as the case may be, is generally determined based on an appraisal of the subject property from an independent appraiser accredited by the Accredited Appraiser Canadian Institute and/or Canadian Residential Appraisers. An estimate of appraised value may also be determined from an active experienced realtor and/or a review of current listing prices and closed selling prices and/or the current property tax assessment value and/or for property under development, the estimated selling value of Real Property, less selling costs, less cost to complete less an estimated profit. Other information may also be used to assess "appraised value", including current third-party information about the local market, financial information relating to the Real Property and other third-party estimates;
- (vii) if the appraised value for the Real Property securing the Mortgage is other than on an "as is basis", the Corporation may advance funds under a loan by way of progress payments upon completion of specified stages of construction or development supported by receipt of reports of qualified inspectors, which may include professional engineers, architects or quantity surveyors, as applicable, or upon completion of other specified milestones;
- (viii) to the extent that, from time to time, the Corporation's funds are not invested in Mortgages, the Corporation will hold such funds in Authorized Interim Investments in amounts considered acceptable by the Manager in its sole discretion;
- (ix) to generally invest in aggregate an amount up to or less than 100% of Corporation's total assets in Mortgages in Western Canada;
- (x) to generally invest in aggregate an amount up to or less than 100% of Corporation's total assets in Residential Mortgages at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xi) to generally invest in aggregate an amount up to or less than 40% of Corporation's total assets in Commercial Mortgages at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xii) to generally invest in aggregate an amount up to or less than 100% of Corporation's total assets in Primary Mortgages at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xiii) to generally invest in aggregate an amount up to or less than 40% of Corporation's total assets in Subordinated Mortgages at the date the Mortgage is acquired or funds are initially committed, as the case may be;

- (xiv) to generally invest in aggregate an amount up to or less than 10% of Corporation's total assets in a single Mortgage or loan any funds to be secured by a single Mortgage at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xv) to generally invest in aggregate an amount up to or less than 20% of Corporation's total assets in Mortgages to a single borrower or loan any funds to be secured by a single borrower at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xvi) to generally invest in aggregate an amount up to or less than 20% of Corporation's total assets in Mortgages to a non-arm's length borrower or loan any funds to be secured by a related borrower at the date the Mortgage is acquired or funds are initially committed, as the case may be;
- (xvii) following funding, all of the Corporation's Mortgages will be registered on title to the subject property in the Corporation's name, the Mortgage Broker's or its affiliates' name, or a nominee bare trustee for the Corporation or the Mortgage Broker;
- (xviii) as a result of a default by the mortgagor on a Mortgage, and if the Manager determines it is in the best interests of the Corporation to foreclose on a Mortgage to protect the assets of the Corporation, the Corporation may hold Real Property as a result. The Corporation will realize on the Real Property on a commercially best efforts basis; and
- (xix) notwithstanding the investment policies and practices listed above, the Corporation may change its application of the investment policies and practices in respect of a given Mortgage investment in the early stage of development of the Mortgage Portfolio (see "*Item 8 – Risk Factors – MIC Corporation with Limited Operating History*") or in order to remedy the default by a borrower of its obligations or for any other reason if such action is required to protect the Corporation's investments.

In order to remedy a default by a borrower of a Mortgage, within the Corporation's existing Mortgage Portfolio, the investment policies and practices may change upon taking into consideration certain factors, including but not limited to, the following:

- (a) where the change assists the borrower to remedy a default on a Mortgage which may result in an improved position for the Corporation and/or avoiding foreclosure or bankruptcy. This may involve the Corporation receiving additional collateral, lengthening the term of the loan, providing additional lending necessary to sell the property at its best price, rescheduling repayments, or any number of negotiated terms and conditions; and
- (b) where the change assists in mitigating losses that may occur in the foreclosure process as a consequence of selling Real Property, which is in the best interest of the Corporation, resulting in a new Mortgage for the Corporation with a new borrower to finance the purchase of the Real Property with flexible terms at the fair market price.

The Corporation's investment policies and practices set out above may be amended, supplemented, replaced or waived from time to time or in respect to specific Mortgages on a case-by-case basis by unanimous approval of the Board of Directors.

General and Administrative Expenses

The Corporation will pay for all expenses it incurs in connection with its operation and administration, including, without limitation:

- (i) financial reporting costs and mailing and printing expenses for periodic reports to shareholders and any other shareholder communications including marketing and advertising expenses;
- (ii) any taxes payable by the Corporation;
- (iii) fees payable to the transfer agent of the Corporation and its Custodian or sub-custodian, if any;

- (iv) costs and fees payable to any agent, legal counsel, investment counsel, investment advisor, actuary, valuator, technical consultant, accountant or auditor or other third-party service provider;
- (v) ongoing regulatory filing fees, license fees and other fees;
- (vi) any expenses incurred in connection with any legal proceedings in the which the Manager or the Mortgage Broker participates on behalf of the Corporation or any other acts of the Manager or any other agent of the Corporation in connection with the maintenance or protection of the property of the Corporation, including, without limitation, costs associated with enforcement of mortgage loans;
- (vii) any fees payable to, and expenses incurred by, the Board of Directors;
- (viii) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Corporation;
- (ix) consulting fees, including website maintenance costs and expenses associated with the preparation of tax filings; and
- (x) other administrative expenses of the Corporation.

2.3 Development of Business

The Corporation was incorporated on June 28, 2016. The Corporation has been created for the purpose of preserving capital and generating returns by investing in a portfolio of Mortgages in order to permit the Corporation to pay Distributions to Shareholders, while preserving capital for re-investment.

The Corporation will use the funds raised through this Offering to commence operations and invest, directly or indirectly, in Mortgages. See "*Item 1.2 – Use of Available Funds*".

2.4 Long Term Objectives

The Corporation has been formed with the intent to provide Subscribers with an opportunity to indirectly invest in Mortgages by holding Class A Shares.

The Corporation intends to use the Net Subscription Proceeds from this Offering to invest in Eligible Investments including Mortgages. The Corporation has appointed the Mortgage Broker under the Mortgage Broker Agreement to originate, structure, advance and administer on a daily basis Mortgage investments. The Mortgage Broker has been in existence since 1994 with offices in Alberta and British Columbia. The Corporation intends that the Mortgage Broker will refer Mortgage investment opportunities to the Corporation and the Manager for approval; however, the Corporation is subject to risks relating to the ability and availability of the Mortgage Broker to refer suitable investments and the amount of funds available to the Corporation to make such investments. See "*Item 8 – Risk Factors – Availability of Investments and Performance of the Mortgage Broker*".

There are no specific time periods for which certain events, or costs associated therewith, are expected to occur which would evidence the accomplishment of the Corporation's business objectives. For a discussion on the Corporation's investment strategies and areas of focus, see "*Item 2.2 – Our Business*".

2.5 Short Term Objectives and How the Corporation Intends to Achieve Them

The short term objectives of the Corporation include completing the Offering and investing in Mortgages with the Net Subscription Proceeds. The following table sets out the objectives, the timelines and the expected costs to complete the short term objectives for the next twelve months:

Short Term Objective	Target Completion Date	Cost to Complete
Raise up to \$20,000,000 in gross proceeds from the Offering	Continuous offering with an estimated final closing date of April 26, 2018	<p>The estimated Offering expenses of \$10,000 will be paid by the Manager. The Corporation will not be required to reimburse the Manager for the expenses paid on its behalf.</p> <p>The estimated commissions payable by the Corporation in connection with the Offering are expected to be 1% of the aggregate gross proceeds, being \$200,000 based on the maximum Offering.</p>
Invest available Net Subscription Proceeds in Mortgages	Following each Closing with no set completion dates	<p>There are no fixed costs associated with this objective. Rather, through contractual arrangements, the Corporation will pay affiliated entities to provide prescribed services in exchange for the payment of amounts based upon the gross assets of the Corporation and the size of the Mortgage Portfolio. The estimated amount of such payments for the next twelve months is approximately \$297,000. In addition, General and Administration Expenses are estimated to be \$39,600.</p>

2.6 Insufficient Funds

There can be no assurance that the Corporation will complete the maximum Offering. The Corporation may be unsuccessful in obtaining subscriptions from a sufficient number of investors to proceed with the Offering. There is no guarantee that the Corporation will be able to obtain enough proceeds to achieve the Corporation's proposed objectives. There is no assurance that alternative financing, even if the Corporation is able to obtain a credit facility, will be available if funds raised are insufficient to meet the objectives of the Corporation.

2.7 Material Agreements

The following is a list of agreements which are material to this Offering and to the Corporation (collectively, the "**Material Agreements**"), all of which are in effect.

- (i) Management Agreement;
- (ii) Mortgage Broker Agreement;
- (iii) Agency Agreement; and
- (iv) Custodial Agreement.

The statements in this Offering Memorandum concerning the Material Agreements are intended to be only a summary of the material provisions of each such agreement. Copies of all agreements referred to below may be inspected during normal business hours at the principal office of the Manager, Suite 1800, 555 – 4th Avenue S.W., Calgary, Alberta, T2P 3E7.

Management Agreement

The Management Agreement was entered into on August 15, 2016 by the Corporation and the Manager. The Corporation and the Manager have common securityholders, directors and officers. See "*Item 2.8 – Conflicts of Interest*".

Under the Management Agreement, the Manager has agreed to provide, or cause to be provided through qualified service providers, the following portfolio manager services and investment fund manager services (collectively, the "**Manager Services**"):

- (i) evaluate and select investment opportunities referred to the Corporation and the Manager by the Mortgage Broker pursuant to the Mortgage Broker Agreement in accordance with the Investment Guidelines with the goal of achieving the Investment Objectives;
- (ii) manage the investment and reinvestment of the assets of the Corporation in accordance with the Investment Guidelines, including extending and/or modifying Mortgage investments of the Corporation, and entering into one or more agreements with respect to the same as agent for the Corporation;
- (iii) oversee the services provided by the Mortgage Broker, CVC and COC to the Corporation, pursuant to their respective agreement;
- (iv) provide assistance to the Corporation with respect to the ongoing evaluation and, as required, adjustment of the Investment Guidelines;
- (v) authorize the payment of operating expenses incurred on behalf of the Corporation;
- (vi) recommend to the Board of Directors the amount of Distributions to be made by the Corporation to Shareholders;
- (vii) be responsible for all capital market activities, including all activities in relation to this Offering in accordance with the applicable provisions of the Corporation's offering documents and articles and by-laws and the laws of all relevant and applicable jurisdictions;
- (viii) coordinate the preparation and delivery to the Shareholders and the Canadian securities regulatory authorities of financial statements and other continuous disclosure documents and reports as are required by applicable law from time to time;
- (ix) determine the NAV and NAV per Class A Share in accordance with the articles and by-laws of the Corporation at such time as specified in the Corporation's articles and by-laws or as may otherwise be required by applicable laws, and engage third-party valuers to report on the NAV as deemed necessary;
- (x) arrange and enter into one or more credit facilities for and on behalf of the Corporation, including granting security over the assets of the Corporation as collateral security for the performance of the Corporation's obligations under such credit facilities, and borrow, repay and re-borrow amounts under such credit facilities on behalf of the Corporation in accordance with the Investment Guidelines;
- (xi) maintain proper books, accounts and records of the Corporation and the Mortgage Portfolio, deliver to the Corporation such reports with respect to the Mortgage Portfolio as may be requested by the Board of Directors and, at the Board of Directors' request, provide a representative to attend meetings of the Board of Directors;
- (xii) provide employees having the requisite experience and skill to perform the obligations of the Manager under the Management Agreement;

- (xiii) actively and regularly evaluate the Mortgage Portfolio in the context of the Investment Objectives and for compliance with the Investment Guidelines and monitor regularly on an ongoing basis the Corporation's compliance with applicable laws and regulatory requirements, and with the requirements under the Tax Act to qualify as a MIC thereunder;
- (xiv) negotiate contractual arrangements with third-party service providers to the Corporation including, but not limited to, auditors and printers, and appoint, supervise and remove such third-party service providers and any replacements upon such terms as the Manager shall think fit;
- (xv) provide office space, office furnishings and equipment and personnel having the requisite experience and skill for the performance of its Manager Services hereunder; and
- (xvi) do all such acts, take all such proceedings, execute all such documents and exercise all such rights and privileges, although not specifically mentioned here, as the Manager may deem necessary to administer the Corporation and its affairs and to act as its manager and investment fund manager, and to carry out the purposes of the Corporation in order for the Corporation to seek to achieve its Investment Objectives or as the Corporation may from time to time reasonably request.

Under the Management Agreement, the Manager is obligated to exercise its powers and discharge its duties under the Management Agreement honestly and in good faith and in the best interests of the Corporation. In connection therewith, the Manager must also exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

Under the Management Agreement, the Corporation will pay for all fees and expenses it incurs in connection with its operation and management. The Corporation will also be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service and costs relating to any credit facilities and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable.

The Manager is responsible for all of its internal costs, including (i) all salaries, wages and other expenses of employees of the Manager, (ii) rent payable for space used by the Manager and utilities, office furniture and equipment for such space; and (iii) telephone and other communication costs and travel expenses unrelated to the investment activities of the Corporation and office supplies and services, and general administrative expenses and other expenses that are customarily considered to be overhead expenses.

The Manager Services will be provided pursuant to the Management Agreement. The persons employed by the Manager who will be principally responsible for the day-to-day management of the Mortgage Portfolio are Roy Goddard, Mike Helfer and Shauna Campbell or such other individuals as the Manager may employ from time to time. In exchange for providing the Manager Services, the Manager will receive the Manager Fees equal to 1.35% per annum, plus applicable taxes, of the gross assets of the Corporation, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month.

Within 30 days following the end of each fiscal year, the Corporation will pay the Performance Fee if applicable to the Manager, in respect of the Class A Shares of the Corporation. The Performance Fee will be prorated for any partial years.

The Manager Services being provided by the Manager under the Management Agreement are not exclusive and the Manager may, from time to time, provide similar services to other persons and/or establish additional investment funds, enter into other advisory relationships or engage in other business activities, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of the Manager. Furthermore, under the Management Agreement, the Corporation acknowledges that: (i) the Manager has no obligation to recommend for purchase or sale for the account of the Corporation any investment which the Manager purchases or sells for its own account; and (ii) the Manager may give advice and take action in the performance of its duties for other clients which differ from the advice given and action taken while providing Manager Services to the Corporation, provided that the Manager acts, at all times, in accordance with the standard of care contemplated above and thereby allocates investment opportunities to the Corporation and to its clients on a fair and equitable basis. See "*Item 2.8 – Conflicts of Interest*".

Mortgage Broker Agreement

The Mortgage Broker Agreement was entered into on August 15, 2016 by the Corporation, the Manager and the Mortgage Broker. The Mortgage Broker, the Manager and the Corporation have common securityholders. See "*Item 2.8 – Conflicts of Interest*".

Under the Mortgage Broker Agreement, the Corporation has appointed the Mortgage Broker to originate, structure, advance and administer on a daily basis Mortgage investments of the Corporation. The Mortgage Broker has agreed to this appointment and in connection therewith is required, among other things, to:

- (i) seek out opportunities for investments by the Corporation in Mortgages and refer to the Corporation and the Manager for approval selected Mortgage investment opportunities it directly or indirectly originates that meet the Corporation's Investment Guidelines;
- (ii) perform comprehensive due diligence on the assets underlying each Mortgage as required including, but not limited to, obtaining structural reports (where necessary), environmental reports, appraisals, quantitative surveyor or architects certificates, title insurance and, to the extent possible, operating statements and, when requested, provide the Corporation and the Manager with all necessary information relating to such Mortgage;
- (iii) hold title to Mortgages on behalf of the Corporation, by way of registration in the name of the Mortgage Broker or its affiliate, or a nominee bare trustee for the Corporation or the Mortgage Broker and held in trust for the Corporation;
- (iv) supervise the day-to-day affairs and administration of Mortgages in the Mortgage Portfolio and maintain proper books of accounts and records for the Corporation in connection with each Mortgage in the Mortgage Portfolio;
- (v) oversee the servicing (which includes, but is not limited to, collection of monthly payments, managing property tax and other escrow accounts, regularly remitting to the Corporation interest and other income collected and monitoring the status of Mortgages) ("**Servicing**") of all Mortgages in the Mortgage Portfolio and monitor the status of all Mortgages and respond to potential issues as they may arise;
- (vi) ensure, where the Corporation is a participant in a Syndicated Mortgage and another direct participant in such Syndicated Mortgage generally acts as the mortgage servicing agent ("**Servicing Agent**") to provide Servicing, that the Servicing Agent appointed to administer an individual Mortgage is licensed in accordance with the requirements of the applicable mortgage broker legislation or other applicable legislation;
- (vii) investigate, select and conduct relations with leasing agents, realtors and real estate agents and brokers, consultants, borrowers, lenders, finders, mortgagees, mortgage loan originators or brokers, correspondents and servicers, technical managers, property appraisers, property consultants, counsel, underwriters, brokers and dealers, escrow agents, depositories, custodians, agents for collection, bailiffs, insurers, insurance agents, banks, architects, engineers, planners, contractors, developers and persons acting in any other capacity deemed by the Corporation or the Manager necessary or desirable and, as required, enter into agreements with brokers licensed under mortgage broker legislation to carry on activities contemplated under the Mortgage Broker Agreement;
- (viii) supervise and provide, as required, those services as may be required to collect, handle, prosecute or settle any claims of the Corporation with respect to the Mortgage Portfolio;
- (ix) provide employees having the requisite experience and skill to perform the obligations of the Mortgage Broker under the Mortgage Broker Agreement; and
- (x) obtain appraisals as may be required by the Corporation, the Manager or pursuant to the terms of the Mortgage Broker Agreement including, without limitation, title opinions or reports of counsel or others concerning zoning ordinances, by-laws, environmental and other governmental

regulations, insurance coverage and other factors with respect to the Mortgage Portfolio, delivery to the Corporation and the Manager such other reports with respect to the Mortgage Portfolio as they may request and, at the request of the Board of Directors, provide a representative to attend meetings of the Board of Directors.

If requested by the Corporation or the Manager, the Mortgage Broker shall provide such services to any subsidiary or subsidiaries of the Corporation.

The Mortgage Broker shall be paid the Mortgage Broker Fee equal to 0.15% per annum, plus applicable taxes, of the gross outstanding aggregate principal balance of the Mortgages in the Mortgage Portfolio, calculated daily, aggregated and payable in monthly instalments in arrears on the last day of each month and prorated for any partial month.

The Mortgage Broker will be entitled to retain any overnight float interest on all accounts maintained by it and from time to time receive a fee in respect of its origination of Mortgages in the Mortgage Portfolio in the amount equal to all charges, origination fees, brokers fees, lenders fees, commitment fees, extension fees, renewal fees, NSF fees, advance fees, discharge fees, late payment fees, administration fees and similar other fees to borrowers with respect to Mortgages in the Mortgage Portfolio, all of which shall be and will remain the sole property of the Mortgage Broker. The Mortgage Broker shall endeavour to collect the amount of these fees from the borrower but, in all events, the Corporation and the Manager shall indemnify the Mortgage Broker for and shall pay to the Mortgage Broker the Corporation's portion of such costs, as provided for in the Mortgage Broker Agreement, within 30 days of demand by the Mortgage Broker plus interest at the rate provided for in the Mortgage Broker Agreement, if the costs are not paid within such time period.

The Mortgage Broker will exercise its powers and discharge its duties under the Mortgage Broker Agreement in an honest and diligent manner and in good faith and in the best interests of the Corporation. In connection therewith, the Mortgage Broker will exercise the standard of care that a reasonably prudent person would exercise in similar circumstances. The Mortgage Broker assumes no responsibility under the Mortgage Broker Agreement other than to render the services required thereunder in accordance with this standard of care and shall not be responsible for any action of the Manager or the Corporation or the Board of Directors in following or declining to follow any directions or recommendations of the Mortgage Broker.

Under the Mortgage Broker Agreement, the Corporation must pay for all expenses it incurs or the Mortgage Broker incurs on the Corporation's behalf in connection with the services rendered under the Mortgage Broker Agreement.

The Mortgage Broker is responsible for all of its internal costs, including (i) all salaries, wages and other expenses of employees of the Mortgage Broker; (ii) rent payable for space used by the Mortgage Broker and utilities, office furniture and equipment for such space; (iii) telephone and other communication costs and travel expenses unrelated to the investment activities of the Corporation and office supplies and services, and general administrative expenses and other expenses that are customarily considered to be overhead expenses; and (iv) all costs and fees associated with maintaining and complying with the licensing requirements of the applicable laws.

The Mortgage Broker is under no obligation to make payments to the Corporation hereunder in respect of a Mortgage unless and until payments are received by the Mortgage Broker from the borrower or other applicable person in respect of the Mortgage in any particular month.

The services provided by the Mortgage Broker under the Mortgage Broker Agreement are not exclusive and the Mortgage Broker may, from time to time, provide similar services to the other persons and/or establish additional investment funds, enter into other advisory relationships or engage in other business activities, including but not limited to sourcing and offering syndicated mortgages through the Mortgage Broker or a wholly-owned subsidiary of the Mortgage Broker to third parties, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of the Mortgage Broker. Furthermore, under the Mortgage Broker Agreement, the Corporation acknowledges that: (i) the Mortgage Broker has no obligation to recommend for purchase or sale for the account of the Corporation any investment which the Mortgage Broker purchases or sells for its own account or for the account of any other client of the Mortgage Broker; and (ii) the Mortgage Broker may give advice and take action in the performance of its duties for other clients which differ from the advice given and action taken while providing services to the Corporation, provided that the Mortgage Broker acts, at all times, in accordance

with the standard of care contemplated by the Mortgage Broker Agreement and thereby allocates investment opportunities to the Corporation and to its clients on a fair and equitable basis. See "*Item 2.8 – Conflicts of Interest*".

Agency Agreement

The Agency Agreement was entered into on August 15, 2016 and amended on April 27, 2017 by CVC, the Manager and the Corporation. The Corporation is a "connected issuer" and may be considered a "related issuer" of CVC, as such terms are defined in NI 33-105. The Corporation has determined that it is a connected issuer and may be considered a related issuer of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby and based on the fact that the Corporation and CVC have common securityholders. In addition, CVC is currently considered a "captive dealer" as defined by CSA Staff Notice 31-343 – *Conflicts of Interest in Distributing Securities of Related or Connected Issuers* because it solely or primarily distributes securities of related or connected issuers. See "*Item 2.8 – Conflicts of Interest*".

Under the Agency Agreement, CVC has agreed to use its commercially reasonable efforts to sell the Class A Shares under the Offering to qualified purchasers in one or more of the Offering Jurisdictions. CVC may form a sub-agency group that includes other qualified dealers lawfully authorized to sell the Class A Shares in one or more of the Offering Jurisdictions and will determine and pay the fees payable to such dealers.

For CVC's services, the Corporation has agreed to pay to CVC a commission of up to 1% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub agent. CVC will also receive from the Manager a commission of up to 3% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub agent.

Under the Agency Agreement, CVC acknowledges that the Corporation will be relying on a prospectus exemption contained in section 2.3, 2.9 or 2.10 of NI 45-106 to distribute the Class A Shares under the Offering to Subscribers on a prospectus-exempt basis and, accordingly, CVC shall, and shall use commercially reasonable efforts to cause any sub-agent to, take reasonable steps to ensure that each Subscriber executes the Subscription Agreement as evidence that: (i) each Subscriber is purchasing as principal; (ii) each Subscriber meets the qualifications and requirements of the prospectus exemption under which the Subscriber is purchasing the Class A Shares; and (iii) each Subscriber has been provided with a copy of this Offering Memorandum and has been given an opportunity to read, and seek independent advice respecting, this Offering Memorandum before entering into an agreement to purchase Class A Shares.

During the Offering, the Corporation or the Manager shall promptly notify CVC of: (i) any material change (actual, anticipated, contemplated, proposed or threatened, financial or otherwise) in the business, management, financial condition, affairs, operations, assets, liabilities or obligations (contingent or otherwise) or capital of the Corporation or the Manager; (ii) any material fact that has arisen or has been discovered which would have been required to have been stated in this Offering Memorandum had the fact arisen or been discovered on, or prior to, the date of this Offering Memorandum; and (iii) any change in any material fact or matter covered by a statement contained in this Offering Memorandum which change is, or may be, of such a nature as to render any statement in this Offering Memorandum misleading or untrue, or which would result in a misrepresentation in this Offering Memorandum.

Custodial Agreement

The Custodial Agreement was entered into on August 15, 2016 and amended on January 1, 2017 by the Corporation, the Custodian and the Manager. The Corporation and the Custodian have common securityholders. The Corporation and the Manager have common securityholders, directors and officers. See "*Item 2.8 – Conflicts of Interest*".

Under the Custodial Agreement, the Custodian has agreed to provide safekeeping and custodial services to the Corporation in respect of the Corporation's idle cash assets. In carrying out its duties under the Custodial Agreement, the Custodian shall exercise at least the same degree of care which it gives to its own property of a similar kind, which shall not be less than the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Custodian assumes responsibility for loss (excluding any loss of profits and any other consequential damages) occasioned by reason of any breach of such standard of care. All idle cash assets of the Corporation shall be held by the Custodian in Canada in accordance with the terms of the Custodial Agreement. The Custodian shall not be responsible for any idle cash assets of the Corporation not delivered to or held by the Custodian or which have been delivered to any third party in accordance with instructions received from the Manager.

Under the Custodial Agreement, the Custodian shall account for all assets of the Corporation received by it, receive and account for the income received therefrom, disburse or retain such income and/or capital from time to time in accordance with the Manager's prior specific instructions and provide monthly statements upon the Manager's request in such format as may be agreed to by the parties hereto containing an accounting of all receipts and disbursements in respect of the Corporation. The Custodian, as custodian, shall have no responsibility for the management of the assets or the investment portfolio of the Corporation or for any investment decisions made on behalf of the Corporation save and except for carrying out the instructions given to the Custodian by the Manager pursuant to the Custodial Agreement.

The Custodian agrees to hold all idle cash assets of the Corporation held by it in an interest bearing trust account or accounts at a Schedule I bank in order to transact the Corporation's business, including, without limiting the generality of the foregoing, the operation of the Corporation's trust account or accounts and the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, all in conformity with, and to the extent that, such services are otherwise provided by the Custodian as part of its custodial services to clients from time to time. The Custodian agrees that any interest received on the trust account or accounts of the Corporation shall be credited to benefit the Corporation.

Under the Custodial Agreement, the Corporation shall ensure that it maintains a cash balance in its trust account or accounts, or there is a credit facility in place on or before the settlement date sufficient to meet the payment for assets purchased or distributed.

The Manager shall pay the Custodian's fees for services rendered under the Custodial Agreement in such amounts as may from time to time be agreed upon in writing between the Manager and the Custodian, currently being \$4,300, plus applicable taxes, payable monthly, together with all expenses paid or incurred by the Custodian with respect to the Corporation.

2.8 Conflicts of Interest

Due to the relationships and contractual arrangements outlined in "*Item 2.1 – Structure – Affiliates of the Corporation*" above and as set forth in this Item 2.8, there is the potential for conflicts of interest between the Corporation, the Manager, the Mortgage Broker, CVC, the Custodian, and COC.

As the Corporation's directors and officers may also be directors, officers or shareholders of affiliates of the Corporation, there may be conflicts of interest if the interests of these companies are inconsistent. Although none of the directors or officers of the Corporation will devote all of his or her full time to the business and affairs of the Corporation, each will devote as much time as is necessary to manage or advise on the business and affairs of the Corporation. In addition, the Board of Directors is required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose the nature and extent of any interest that they may have in any actual or proposed material contract or transaction with the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose the nature and extent of his or her interest and act in accordance with applicable corporate law.

Manager

The Corporation and the Manager have common securityholders, directors and officers. The Manager Services of the Manager and its directors, officers, employees, affiliates, agents and contractors are not exclusive to the Corporation and the Manager has been appointed to act as the restricted portfolio manager and investment fund manager to other CareVest MIC entities and may, from time to time, be appointed to act as the restricted portfolio manager and investment fund manager to other investment vehicles, some or all of which may have investment objectives similar to those of the Corporation and may engage in transactions in the same types of securities and instruments as the Corporation. In providing the Manager Services to multiple clients, the Manager may occasionally face conflicts between its interests and those of its clients, or between those of one client and those of another. The Manager has adopted a policy regarding the allocation of investment opportunities to multiple clients and the potential conflicts of interest that may arise therefrom. A copy of the Manager's current fairness policy has been provided to the Corporation and the Corporation has agreed to the Manager's allocation of investment opportunities in accordance with the Corporation's investment policy statements, as each may be amended or supplemented from time to time. The Manager endeavours to allocate investment opportunities among the MICs in a fair and reasonable

manner based upon such factors as the Manager considers relevant including, without limitation, each MIC's Investment Guidelines, available capital, cash flow needs, and risk management factors, and status of existing investments; however, the fairness policy recognizes that, given the fluid nature of each MIC's needs and the availability of suitable investment opportunities, no rigid formula will lead to a fair and reasonable result, and that a degree of flexibility is required to adjust to specific circumstances as necessary, in all cases in accordance with the goal that the allocation is fair and reasonable.

The Corporation has appointed the Mortgage Broker to originate, structure, advance and administer on a daily basis Mortgages and refer to the Corporation and the Manager selected Mortgage investment opportunities that may meet the Investment Guidelines including, without limitation, Syndicated Mortgages and, therefore, in the course of providing the Manager Services to us, the Manager will (i) evaluate, select and approve investment opportunities referred to the Corporation and the Manager by the Mortgage Broker and investments in securities of persons or companies that are related or connected to the Corporation and to the Manager, from issuers that have common securityholders; (ii) manage the investment and re-investment of the assets of the Corporation, including the purchase or sale of securities from or to persons or companies that are related or connected to the Corporation and to the Manager; and (iii) arrange for the Corporation to use the services of persons or companies that are related or connected to the Corporation and to the Manager, including other CareVest MIC entities. The Corporation has specifically consented to such transactions.

Furthermore, the Manager may have potential conflicts of interest relating to the Corporation such as the fact that the economic success of the Manager is tied solely to the management of related/connected issuers and its only source of revenue is investment fund management services fees from such related/connected issuers which is not tied to the financial performance of the entities. The Manager may in the future provide services to third-party companies. Additionally, the Manager calculates the NAV and the Corporation's asset value and its fee is based on the gross assets of the Corporation. Other entities to which the Manager provides services, including other CareVest MIC entities, may have competing investment objectives. The Manager controls these conflicts through clearly defined investment policy statements from each of the CareVest MIC entities as well as internal policies and procedures. The Manager employs a Chief Compliance Officer, who has no interest, including as a director, officer, or voting shareholder in the Corporation, the Mortgage Broker, CVC, the Custodian or any of the CareVest MIC entities, who provides oversight through an effective and comprehensive compliance program, monitors borrower concentration and approves any personal trades. As needed, related parties will be excluded from the Manager's Credit Committee decision process.

Mortgage Broker

The Mortgage Broker and the Corporation have common securityholders. The Mortgage Broker must render its services on a non-exclusive basis under the Mortgage Broker Agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Mortgage Broker Agreement in a conscientious and reasonable manner; however, the Mortgage Broker, its directors and officers and its affiliates may at any time and currently do engage in promoting, operating or managing other entities or their investments including Real Property financing and investments that may compete directly or indirectly with the Corporation. The Mortgage Broker intends to and has established other entities that may be involved in transactions which conflict with the interests of the Corporation. The Mortgage Broker has sole discretion in determining which Mortgages and investments it refers to the Corporation and the Manager for approval and will, at the same time and on an on-going basis, be sourcing investment opportunities for its own account or the account of others.

In addition, the Mortgage Broker also has sole discretion to set, and adjust from time to time or at regular intervals, the rates of return for all participating interests in Mortgages which it refers to the Corporation and the Manager for approval, and others. This may result in a different yield for each participant in a Syndicated Mortgage depending upon, among other things, its position in the Mortgage. See "*Item 8 – Risk Factors – Conflicts of Interest*".

CVC

The Corporation is a "connected issuer" and may be considered a "related issuer" of CVC, as such terms are defined in NI 33-105. The Corporation has determined that it is a connected issuer and may be considered a related issuer of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby, on a non-exclusive basis, and based on the fact that the Corporation and CVC have common securityholders. In addition, CVC and the Manager have common securityholders, and CVC is currently considered a "captive dealer" as defined

by CSA Staff Notice 31-343 – *Conflicts of Interest in Distributing Securities of Related or Connected Issuers* because it solely or primarily distributes securities of related or connected issuers.

In light of the potential conflicts of interest, CVC has adopted policies and procedures for identifying and responding to conflicts of interest by avoiding, controlling or disclosing conflicts of interest. CVC controls conflicts of interest through having directors and officers of CVC who have no interest, including as a director, officer or voting shareholder in the products CVC sells, completing independent product due diligence by individuals who have no interest, including as a director, officer or voting shareholder in products CVC sells, employing a Chief Compliance Officer who has no interest, including as a director, officer or voting shareholder, in the products CVC sells, controlling access to sensitive information, segregating client records and providing staff training. CVC also discloses these potential conflicts of interests to its clients in client disclosure documents, on its website, in trade confirmation reports and in marketing materials.

As disclosed in this Offering Memorandum, Net Subscription Proceeds from the Offering will be used for Eligible Investments and are not applied for the benefit of CVC or any other affiliates, except that the Corporation pays certain fees to CVC, the Manager and the Mortgage Broker pursuant to the terms of certain agreements. See "*Item 2.7 – Material Agreements*". The Offering and the terms hereof have been determined by the Manager on behalf of the Corporation.

CVC acts as the exempt market dealer for both the Corporation and the Mortgage Broker to execute trades in the Mortgage Portfolio, and CVC is compensated by the Mortgage Broker for this service. The Corporation does not compensate CVC for executing trades in the Mortgage Portfolio on its behalf.

CVC may agree in the future to act as the agent in respect of offerings of securities by other CareVest MIC entities or third-party companies that may compete directly or indirectly with the Corporation. CVC has, however, agreed to use commercially reasonable efforts to perform its duties and responsibilities under the Agency Agreement in a conscientious, reasonable and competent manner, honestly and in good faith, and in compliance with applicable securities laws.

Custodian

The Corporation and the Custodian have common securityholders. The Custodian provides custodial services, on a non-exclusive basis, to the Corporation and each of the CareVest MIC entities. Furthermore, assets of the Corporation held by the Custodian are held in a trust account at a Schedule I bank with the assets of the other CareVest MIC entities. All assets of the Corporation held by the Custodian shall be held in the name of the Custodian or a nominee thereof with an account number or other designation in the records of the Custodian sufficient to establish that the beneficial ownership of the assets are held in trust for Corporation, and not for the Custodian or its nominee, or any of the other CareVest MIC entities.

Consulting and Corporate Service

The Corporation and COC have common securityholders and directors. COC provides general corporate services, on a non-exclusive basis, to each of the Manager, the Mortgage Broker, CVC, other CareVest MIC entities and other affiliated entities. In addition, each of the Manager, the Mortgage Broker and other affiliated entities provide consulting services to COC. The Manager and CVC are responsible for compliance oversight and monitoring of COC.

ITEM 3: INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information as at the date of this Offering Memorandum about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation.

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Corporation or related party since inception and the compensation anticipated to be paid in the current financial year ⁽¹⁾	Number, type and percentage of securities of the Corporation held after completion of minimum offering ⁽²⁾	Number, type and percentage of securities of the Corporation held after completion of maximum offering
Jesse Michael Helfer ⁽³⁾ Calgary, AB	Director and President since 2016	Nil ⁽³⁾	200 (20%) Voting Shares 2,500 Class A Shares (17.7%) ⁽⁵⁾	200 (20%) Voting Shares 2,500 Class A Shares (17.7%) ⁽⁵⁾
Roy Goddard ⁽³⁾ Calgary, AB	Director since 2016	Nil ⁽³⁾	200 (20%) Voting Shares	200 (20%) Voting Shares
Shauna Campbell ⁽³⁾ Calgary, AB	Director since 2016	Nil ⁽³⁾	200 (20%) Voting Shares	200 (20%) Voting Shares

Notes:

- (1) Other than the following entitlements, the directors and officers of the Corporation do not presently receive compensation from the Corporation in their capacity as directors and officers. Directors and officers of the Corporation attending meetings of the Board of Directors or committees of the Corporation, if any, shall be entitled to receive \$500 per formal meeting of the Board of Directors, \$150 per conference call and \$200 per committee meeting, which costs shall be paid by the Corporation. The amounts listed are in respect of the position each individual holds with the Manager.
- (2) There is no minimum offering.
- (3) This individual is employed and paid by the Manager. It is estimated the Corporation will pay to the Manager \$267,300 in Manager Fees, assuming a maximum offering. See "Item 1.2 – Use of Available Funds" and "Item 2.7 – Material Agreements".
- (4) The Manager could be considered a "promoter" of the Corporation as such term is defined in the *Securities Act* (Alberta). The Manager Fees to be received by the Manager in connection with the Offering are described in "Item 2.7 – Material Agreements – Management Agreement". See also "Item 2.1 – Use of Available Funds" and "Item 2.8 – Conflicts of Interest".
- (5) As at April 3, 2017.

3.2 Management Experience

Directors and Executive Officers of the Corporation

The following table discloses the principal occupations of the Corporation's directors and executive officers over the past five years.

Name	Principal occupation and related experience
Jesse Michael Helfer	Mr. Helfer is the President and Director of the Corporation. Mr. Helfer has been active in real estate lending, particularly commercial mortgages since 1997, in a variety of roles including broker, lender, and member of the Manager's credit committee. Mr. Helfer is currently a Director, Vice President and an Advising Representative of the Manager, and Director and President of CareVest [®] Senior Mortgage Investment Corporation, CareVest [®] Mortgage Investment Corporation, CareVest [®] First MIC Fund Inc., CareVest [®] Blended MIC Fund Inc. and Canadian Horizons [®] First MIC Fund Inc. Between May 1, 2007 and April 1, 2016 he held various positions with Mortgage Broker, finally in the role of Vice President and

Name	Principal occupation and related experience
	<p>Broker. From November 6, 2012 to May 1, 2015, Mr. Helfer was President of the Manager. Prior to joining the Mortgage Broker in 2007, Mr. Helfer held several positions in real estate finance, including, Business Development Manager, Commercial Mortgage Division for a major Canadian chartered bank and Associate Manager, Alberta Mortgage investments for a large life insurance company. Mr. Helfer holds a Bachelor of Commerce degree with a concentration in Finance and was been licensed in Alberta as a mortgage associate or mortgage broker from January 2008 to August 2016.</p>
Roy Goddard	<p>Mr. Goddard is a Director of the Corporation. Mr. Goddard has been active in the real estate lending, development and mortgage services industry since 1998, in a variety of roles including President, Chief Financial Officer, Chief Compliance Officer and a member of the Manager’s credit committee. Mr. Goddard is currently a Director, President and an Advising Representative of the Manager, and President and Director of CareVest® Operations Corp., and Director of CareVest® Senior Mortgage Investment Corporation, CareVest® Mortgage Investment Corporation, CareVest® First MIC Fund Inc., CareVest® Blended MIC Fund Inc., Canadian Horizons® First MIC Fund Inc. From January 1, 2013 to March 1, 2016, he was Chief Financial Officer of CareVest® Senior Mortgage Investment Corporation and CareVest® Mortgage Investment Corporation, and from March 1, 2012 to March 1, 2016, he was President of CareVest® First MIC Fund Inc., CareVest® Blended MIC Fund Inc. and Canadian Horizons® First MIC Fund Inc. Between May 1, 2015 and April 1, 2016 Mr. Goddard was the President and Director of CareVest® Capital Inc. Between May 1, 2015 and March 1, 2016 Mr. Goddard was the President and Director of CVC™ Market Point Inc. Between August 29, 2012 and July 30, 2015 Mr. Goddard was the Chief Compliance Officer of the Manager. Between September 23, 2003 and May 1, 2015 Mr. Goddard was the Chief Financial Officer of the Mortgage Broker. Prior thereto, Mr. Goddard was the Chief Financial Officer and Controller of a real estate development and mortgage services company. In 1993, Mr. Goddard obtained his Chartered Professional Accountant – Chartered Accountant designation and holds a Bachelor of Commerce degree. Mr. Goddard has successfully completed the Canadian Securities Course and Partners, Directors and Senior Officers Examination.</p>
Shauna Campbell	<p>Ms. Campbell is a Director of the Corporation. Ms. Campbell has been active in the real estate lending and securities industry since 2002, in a variety of roles including Chief Financial Officer, Chief Compliance Officer, Controller, Financial Compliance Examiner, Financial Markets Examiner and a member of the Manager’s credit committee. Ms. Campbell is currently the Chief Financial Officer and Advising Representative of the Manager and Director of CareVest® Senior Mortgage Investment Corporation, CareVest® Mortgage Investment Corporation, CareVest® First MIC Fund Inc., CareVest® Blended MIC Fund Inc., Canadian Horizons® First MIC Fund Inc. Ms. Campbell was the Chief Compliance Officer of the Manager between July 30, 2015 and June 23, 2016. Between June 29, 2015 and December 31, 2015 Ms. Campbell was Chief Financial Officer of CareVest® Operations Corp. Ms. Campbell was a Controller of Balboa Investments Inc. in 2015, a Chief Financial Officer with Altacorp Capital Inc. between 2013 and 2015, and Controller with Jennings Capital Inc. between 2006 and 2013. Prior thereto, Ms. Campbell was a Financial Compliance Examiner with the Investment Industry Regulatory Organization of Canada and a Financial Markets Examiner with the Alberta Securities Commission. In 2002, Ms. Campbell obtained her Chartered Professional Accountant – Chartered Accountant designation and holds a Bachelor of Commerce degree. Ms. Campbell has successfully completed the Canadian Securities Course and Partners, Directors and Senior Officers Examination.</p>

Directors and Executive Officers of the Manager

The board of directors of the Manager currently consists of three members as set forth below. The following are the names, municipalities and residence and positions with the Manager of the current directors and executive officers of the Manager. For their principal occupation for the past five years, see "*Item 3.2 – Management Experience*".

Name and Municipality of Residence	Position with the Manager
Roy Goddard Calgary, Alberta	Director, President, Advising Representative
Jesse Michael Helfer Calgary, Alberta	Director, Vice President, Advising Representative
Shauna Campbell Calgary, Alberta	Chief Financial Officer, Advising Representative

3.3 Penalties, Sanctions and Bankruptcy

No penalty, sanction, cease trade order (that has been in effect for a period of more than 30 days), declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten years with regard to any:

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

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

Description of security	Number authorized to be issued	Price per Security	Number outstanding as at April 3, 2017	Number outstanding assuming completion of minimum offering ⁽¹⁾	Number outstanding assuming completion of maximum offering
Voting Shares ⁽²⁾	Unlimited	\$0.01	1,000	1,000	1,000
Class A Shares ⁽³⁾	Unlimited	\$10.00	14,102	N/A	2,000,000
Class B Shares ⁽⁴⁾	Unlimited	To be determined	Nil	Nil	Nil
Class C Shares ⁽⁴⁾	Unlimited	To be determined	Nil	Nil	Nil
Class F Shares ⁽⁴⁾	Unlimited	To be determined	Nil	Nil	Nil
Class I Shares ⁽⁴⁾	Unlimited	To be determined	Nil	Nil	Nil

Notes:

- (1) There is no minimum offering.
- (2) The Voting Shares are entitled to vote, are not entitled to receive dividends, are redeemable by the Corporation and, on liquidation or wind-up, subject to any senior rights, are entitled to share pro rata in the Class NAV for the Voting Shares.
- (3) See below under "*Item 5 – Description of Securities Offered*".
- (4) The price per security will be determined by the Board of Directors upon issuance.

4.2 Long Term Debt

The Corporation currently has no long-term debt. It may, however, in the future utilize leverage from time to time through a credit facility arranged with an arm's length commercial bank or non-arm's length source. See "Item 2.2 – Our Business – Investment Policies and Practices" and "Item 8 – Risk Factors – Borrowing and Leverage".

4.3 Prior Sales

The Corporation has issued Class A Shares within the last 12 months.

Date of Issuance	Type of Securities issued	Number of Securities issued	Price per Securities	Total funds received
December 13, 2016	Class A	12	\$10.00	\$120
December 30, 2016	Class A	11,690	\$10.00	\$116,900
April 3, 2017	Class A	2400	\$10.00	\$24,000

4.4 Calculation of Net Asset Value

Calculation of Net Asset Value

The NAV and the NAV per Class of Shares or Voting Shares, as applicable, will be calculated by the Manager at the close of business on the Valuation Date.

In calculating NAV, the Manager will refer to the following guidelines:

- (i) the value of any cash, receivables and prepaid expenses will be carried at face value unless the Manager, or its delegate, deems otherwise;
- (ii) Mortgage loans will be stated at fair value. Interest income is recorded on the accrual basis when it is probable that interest will be collected by the Corporation. As the Mortgage loans comprising the Mortgage Portfolio do not trade in actively quoted markets, the Manager will estimate fair value based upon market interest rates, credit spreads for similar Mortgage loans, and the specific creditworthiness and status of an existing borrower. The Manager will consider, but not be limited in considering, the following as part of the creditworthiness and status of a borrower: payment history, value of underlying property securing the Mortgage loan or Mortgage, overall economic conditions, status of the construction or property development (if applicable) and other conditions specific to the underlying property or building;
- (iii) the value of short-term investments (e.g., treasury bills, money market instruments or similar instruments) will be the cost of such instruments plus accrued interest up to and including the Valuation Date;
- (iv) the value of any future tax benefits will be calculated as such amount as the Manager or may determine (which amount may be nil); and
- (v) the value of any other property will be the value determined by the Manager, or its delegate, which most accurately reflects fair value.

If an asset cannot be valued under the above guidelines, or if the Manager determines that the above guidelines are at any time inappropriate under the circumstances, then notwithstanding such guidelines, the Manager will make such valuation as it considers fair and reasonable and, if there is an appropriate industry practice, in a manner consistent with such industry practice for valuing such asset.

The Board of Directors, together with the Manager, will review and, if required from time to time, consider the appropriateness of the valuation guidelines adopted by the Corporation. As such, at the discretion of the Board of Directors, the valuation guidelines may be modified, acting reasonably, in good faith and in the best interest of the Corporation's shareholders.

Reporting of NAV and NAV per Class

The most recently calculated NAV and NAV per Class A Share (and, when applicable, NAV per Class B Share, NAV per Class C Share, NAV per Class F Share or NAV per Class I Share) will be available at any time to the Corporation's shareholders on the Manager's website at www.carecanacorp.com.

ITEM 5: DESCRIPTION OF SECURITIES OFFERED

5.1 Terms

The Corporation is offering for sale up to 2,000,000 Class A Shares pursuant to the terms of the Offering. The rights, privileges, restrictions and conditions attaching to the Class A Shares are as follows:

Priority

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class A Shares are entitled to a Distribution of assets of the Corporation for the purpose of winding-up its affairs, the Class A Shares shall rank equally with each other and the Voting Shares, but in priority to any shares ranking junior to the Class A Shares.

No Voting Rights

Subject to any applicable laws, the holders of Class A Shares, shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation except for meetings at which a Shareholder Matter is to be voted upon, in respect of which the holders of the Class A Shares shall (as applicable as described below) be entitled to receive notice, attend and vote thereon. At any meetings at which holders of Class A Shares are entitled to vote, the holders of Class A Shares shall have one vote for each Class A Share held. The holders of Class A Shares are not entitled to vote separately as a Class on an amendment to the articles of the Corporation, except as may otherwise be required by the articles of the Corporation or applicable laws.

Distributions

Subject to limited exceptions noted in the articles of the Corporation, the holders of Class A Shares shall be entitled to receive, and the Corporation shall pay thereon, Distributions as and when declared from time to time by the Board of Directors of the Corporation out of the assets of the Corporation properly applicable to the payment of Distributions, in an amount determined by the Board of Directors in its absolute discretion. Any Distribution declared on the Class A Shares will be payable out of the Class A Shares pro rata portion of the funds available with respect to all Classes of Shares. Distributions will be paid in cash by direct deposit, cheque, money order or bank draft. Any Distributions will be subject to the Corporation complying with applicable law.

Notwithstanding the foregoing, the Board of Directors may, for fiscal planning or other tax efficiency reasons, in its discretion declare that an additional Distribution will be payable to holders of Class A Shares of record on December 31. Each such additional Distribution may be satisfied by the issuance of additional Class A Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such additional Distribution in Class A Shares, the number of Class A Shares outstanding after the Distribution will be consolidated such that each Shareholder will hold (after the consolidation) the same number of Class A Shares as the Shareholder held before the additional Distribution.

Notwithstanding the foregoing, if the Board of Directors determines that it is in the best interests of the Corporation and the shareholders of the Corporation, the Board of Directors may declare Distributions payable in kind (including, but not limited to any assets of the Corporation) in an amount determined by the Board of Directors in its absolute discretion.

Purchase for Cancellation

Subject to applicable laws, the Corporation may at any time or times purchase Class A Shares for cancellation at a price per Class A Share not exceeding the NAV per Class A Share on the Business Day immediately prior to such purchase.

Retraction Provisions

Each holder of Class A Shares shall be entitled to present a retraction request (a "**Retracting Shareholder**"), at any time during a quarterly Retraction Notice Period, in respect of all or any part of the Class A Shares registered in the name of such Retracting Shareholder (the "**Retracting Shares**"), subject to and upon compliance with the provisions of the articles of the Corporation. Each Retracting Shareholder who elects to present a retraction request to the Corporation for Retracting Shares must deliver a valid retraction request in the form specified by the Corporation, to such place or places in Canada as shall be specified by the Corporation from time to time. The Retracting Shareholder must surrender the original share certificates issued, if any, for the Retracting Shares.

Any properly surrendered Retracting Shares received at any time during a Retraction Notice Period by the Corporation from a Retracting Shareholder pursuant to the retraction privilege in the articles of the Corporation, will be retracted, subject to the articles of the Corporation on the day which is three months after the end of each Retraction Notice Period (the "**Retraction Date**").

Retracting Shareholders whose Retracting Shares are surrendered for retraction will be entitled to receive a retraction price (the "**Retraction Price**") per Retraction Share equal to the amount of the applicable NAV per Class A Share calculated as of the last Business Day of the month immediately preceding the applicable Retraction Date (the "**Retraction Price Date**"), less the Early Retraction Charges per Class A Share, if applicable. No Early Retraction Charges will be applicable to those Retracting Shares issued under the DRIP. Should the Retracting Shares be comprised of Class A Shares that have multiple original issuance dates then the Corporation will calculate the Early Retraction Charges, if applicable, based on the original issuance dates for each Retracting Share. The Retracting Shares will first be retracted by the Corporation from Class A Shares issued from the DRIP, if any, and secondly will be retracted from the earliest original issue date of non-DRIP issued Class A Shares.

Payment of the proceeds of retraction will be made on or before the last Business Day of the month following the Retraction Date (the "**Retraction Payment Date**"). The Corporation shall pay or cause to be paid (net of any taxes withheld) the Retraction Price in cash or by cheque, money order, bank draft or direct deposit. From and after the Retraction Date, the Retracting Shares tendered for retraction shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the Retraction Price for each Retracting Share so retracted. Retracting Shares which have been surrendered to the Corporation for retraction and which are retracted on a Retraction Date shall be deemed to be outstanding on but not after the Retraction Date, including for purposes of determining the holders of Class A Shares of record for any Distributions declared on the Retraction Date.

Retraction Notice Period	Retraction Price Date	Retraction Date	Retraction Payment Date
January 1st to March 31st	May 31st	June 30th	On or before last Business Day in July
April 1st to June 30th	August 31st	September 30th	On or before last Business Day in October
July 1st to September 30th	November 30th	December 31st	On or before last Business Day in January
October 1st to December 31st	February 28th	March 31st	On or before last Business Day in April

Any Distributions declared and unpaid to holders of Class A Shares of record on or before the Retraction Date in respect of Retracting Shares tendered for retraction on such Retraction Date will also be paid to such Retracting Shareholders on or before the fifteenth day following the Retraction Date.

Early Retraction Charges

In calculating the Retraction Price for each Retracting Share, the applicable discount from the NAV per Share, if any, (the "**Early Retraction Charges**") shall be as follows:

Retraction Date Falls Before	Early Retraction Charges
The date that is the first anniversary of the applicable issuance date of Retracting Shares	3% of the applicable Subscription Price per Retracting Shares
The date that is the second anniversary of the applicable issuance date of Retracting Shares	2% of the applicable Subscription Price per Retracting Shares
The date that is the third anniversary of the applicable issuance date of Retracting Shares	1% of the applicable Subscription Price per Retracting Shares

Other Retraction Provisions

For any Retraction Date of the Corporation, the Corporation will not accept for retraction Retracting Shares representing more than 3% of the aggregate Class A Shares outstanding on the first day of the applicable Retraction Notice Period (the "**Quarterly Limit**"). In the event that the number of Retracting Shares tendered for retraction in respect of a Retraction Date exceeds the Quarterly Limit, unless such limits are waived by the Board of Directors pursuant to the articles of the Corporation, the Corporation shall retract the Quarterly Limit for the applicable Retraction Date on a pro rata basis. Pro rata calculations shall be rounded up to the next whole Share amount as no fractional Shares are permitted. Retracting Shareholders who have submitted Retracting Shares to be tendered for retraction that exceed the Quarterly Limit ("**Excess Quarterly Retracting Shares**") do not need to re-submit a retraction request for the Excess Quarterly Retracting Shares for any subsequent Retraction Notice Periods until the Annual Limit is reached for a given Retraction Date. Subject to the Annual Limit set forth in the articles of the Corporation, Excess Quarterly Retracting Shares will automatically be included in the next Retraction Date, and will be subject to the provisions set forth in the articles of the Corporation.

During any given calendar year of the Corporation, the Corporation will also not accept for retraction on any Retraction Date within such calendar year of the Corporation, Retracting Shares representing more than 12% of the aggregate Class A Shares outstanding on January 1st of such calendar year (the "**Annual Limit**"). The Corporation will not accept further retraction requests for the balance of the calendar year once the Annual Limit has been reached. In the event that the number of Retracting Shares tendered for retraction in respect of a Retraction Date exceeds the Annual Limit ("**Excess Annual Retracting Shares**"), unless such limits are waived by the Board of Directors pursuant to the articles of the Corporation, the Corporation shall retract the Annual Limit on a pro rata basis. The pro rata amount will be paid over the remaining Retraction Dates in the calendar year and will be subject to the Quarterly Limit as set forth in the articles of the Corporation. Pro rata calculations shall be rounded up to the next whole Class A Share amount as no fractional Class A Shares are permitted. Any Retracting Shareholder holding Excess Annual Retracted Shares not retracted or paid in the calendar year will require a new retraction request to be submitted during the Corporation's next calendar year, and the new retraction request will be subject to the provisions set forth in the articles of the Corporation. The Corporation or the Manager shall notify Shareholders via the Manager's website once the Annual Limit in respect of a given calendar year of the Corporation is reached.

Notwithstanding the limitations on retraction set forth in the articles of the Corporation, the Board of Directors may, in its sole discretion, waive the limitation in respect of the Retracting Shares tendered for retraction in respect of any one or more Retraction Dates, as applicable.

Notwithstanding the provisions set forth in the articles of the Corporation, the Corporation may suspend the retraction of Class A Shares for any period not exceeding 180 days during which the Manager determines that: (i) conditions exist which render impractical the sale of assets comprising the Mortgage Portfolio; (ii) conditions exist which impair the ability of the Manager to determine the value of the assets of the Corporation or the Mortgage Portfolio; (iii) the number of Retracting Shares tendered for retraction on any Retraction Date exceeds the Quarterly Limit or Annual Limit; or (iv) the suspension is in the best interests of the shareholders of the Corporation as a whole. The suspension may apply to all unpaid amounts of requests for retraction for Retracting Shares received prior to the suspension, as well as to all requests received while the suspension is in effect. Retracting Shareholders who have tendered their Retracting Shares for retraction in such circumstances shall be notified of the suspension by the Corporation or the Manager and that the retraction will be effected at a price determined on the last Business Day of the month immediately preceding the next Retraction Date following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Corporation, any declaration of suspension made by the Manager shall be conclusive. At the end of the applicable suspension period, the Board of Directors may call a special meeting of Shareholders to approve an extension of such suspension period.

Notwithstanding the provisions set forth in the articles of the Corporation, if the number of Retracting Shares tendered for retraction on any Retraction Date exceeds the Annual Limit, the Board of Directors is entitled in its sole discretion to modify the Retracting Shareholders' retraction rights. Specifically, the Board of Directors is entitled, in its sole discretion, to implement a retraction discount by giving notice to the Retracting Shareholders that their Retracting Shares shall be retracted on the next Retraction Date at the Retraction Price discounted by a discount factor to be determined by the Board of Directors in its sole discretion, acting reasonably. In determining the discount factor, the Board of Directors may consider such factors as market prices for similar investments that are traded on a stock exchange in Canada, the variation inherent in any estimates used in the calculation of the NAV per Class A Share to be retracted, the liquidity reasonably available to the Corporation and general economic conditions in Canada. Retracting Shareholders may choose to withdraw their retraction request upon receiving notice from the Board of Directors of the amount of the discount factor; however, Retracting Shareholders who exercise such withdrawal right will be prohibited from submitting a retraction request in respect of the Retracting Shares for a period of six months following the date of the applicable Retraction Date.

Election Irrevocable

Subject to the limitations above, the election of any holder to present and surrender any Class A Shares for retraction shall be irrevocable upon the receipt by or on behalf of the Corporation of the documentation and instruments required by the Corporation in connection therewith.

Redemption Provisions

Subject to all applicable laws, the Corporation may redeem at any time and from time to time in its sole discretion, by providing a written redemption notice to a holder of Class A Shares, any of the then outstanding Class A Shares on payment in cash for each Class A Share of an amount of not less than the NAV per Class A Share of the Class A Share(s) to be redeemed, calculated as at the end of business on the Business Day immediately preceding the Redemption Date (as defined below) (the "**Redemption Price**").

A redemption notice shall at a minimum specify the intent to redeem, the date on which the Redemption is to take place (the "**Redemption Date**"), which date shall be not less than one day or more than 60 days from the date of the redemption notice, if only part of the Class A Shares held by the person to whom such notice is addressed are to be redeemed, which Class A Shares are to be redeemed as selected by the Board of Directors of the Corporation in its sole discretion, and, if a certificate(s) representing the Class A Shares to be redeemed has been issued, that such original certificate(s) is to be surrendered to the Corporation prior to the Redemption Date and the identity and location of the person to whom such certificate(s) is to be sent or delivered for surrender.

From and after the Redemption Date, the holder of the Class A Shares to be redeemed as aforesaid shall thereafter cease to have any rights with respect to the Class A Shares to be redeemed other than the right to receive the Redemption Price therefor.

Within 30 days of the Redemption Date, provided that any existing original certificates representing the Class A Shares called for Redemption have been surrendered to the Corporation as specified in the redemption notice, or within 30 days upon surrender to the Corporation of such original certificates if surrendered after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Class A Shares to be redeemed the Redemption Price, and such Class A Shares shall thereupon be redeemed.

Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), *pari passu* with the Voting Shares, the holders of (i) the Class A Shares shall be entitled to receive from the assets of the Corporation for each Class A Share an amount, in cash or property, equal to the NAV per Class A Share, (ii) the Class B Shares shall be entitled to receive from the assets of the Corporation for each Class B Share an amount, in cash or property, equal to NAV per Class B Share, (iii) the Class C Shares shall be entitled to receive from the assets of the Corporation for each Class C Share an amount, in cash or property, equal to the NAV per Class C Share, (iv) the Class F Shares shall be entitled to receive from the assets of the Corporation for each Class F Share an amount, in cash or property, equal to the NAV per Class F Share, and (v) the Class I Shares shall be entitled to receive from the assets of the Corporation for each Class I Share an amount, in cash or property, equal to the NAV per Class I Share. After payment to the holders of the Shares of the amounts so payable to them, they shall be entitled to share in any further distribution of the assets of the Corporation together with any other Class or series of shares entitled to share therein.

If the Manager believes that it is no longer economically practical to continue the Corporation or that it would be in the best interests of the shareholders to wind-up the affairs of the Corporation without the approval of holders of the Shares, the Board of Directors may initiate a winding-up of the Corporation. Upon the winding-up of the Corporation, the net assets of the Corporation will be distributed to the shareholders of the Corporation. Prior to the date fixed for the termination of the Corporation, the Manager will, to the extent practicable, convert the assets of the Corporation to cash. The Manager will provide not less than 30 days prior written notice to holders of Shares of the date of the winding-up. The Corporation will be dissolved following the distribution of its net assets to its shareholders.

Restrictions on Ownership of Shares

No shareholder of the Corporation is permitted to hold at any time, directly or indirectly, together with Related Persons, more than 25% of any class or series of the issued shares of the Corporation. In the event that (i) the exercise by any holder of Shares of a quarterly retraction right associated with any Class of Shares, or (ii) any repurchase of Shares or Voting Shares by the Corporation or (iii) as determined by the Board of Directors in its sole discretion, any other transaction affecting any Shares or Voting Shares (each a "**Triggering Transaction**"), if completed, would cause any holder(s) of shares (each an "**Automatic Repurchase Shareholder**"), together with Related Persons, to hold more than 25% of any Class of Shares or Voting Shares, that portion of the Shares or Voting Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued shares of any Class of Shares or Voting Shares (the "**Repurchased Shares**") will, simultaneously with the completion of a Triggering Transaction, automatically be repurchased by the Corporation (an "**Automatic Repurchase**") without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the last NAV per Share or NAV per Voting Share, as the case may be, in effect on the date of the Triggering Transaction, less any costs associated with the purchase, including commissions and other costs, if any, related to liquidation of any portion of the Mortgage Portfolio to fund such purchase. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder in accordance with the customary practice of the Corporation in connection with retractions made, *mutatis mutandis*.

Meetings of Securityholders

While the Corporation does not intend to hold annual meetings of Shareholders, a meeting of Shareholders may be convened at any time for the purposes described above and certain matters do require Shareholder approval, as discussed below. The Board of Directors may, within the prescribed period, fix in advance a date as the record date for the purpose of determining Shareholders entitled to receive notice of and vote at a meeting of Shareholders.

Notice of the time and place of a meeting of the Shareholders shall be sent within the prescribed period to (i) each shareholder entitled to vote at the meeting; (ii) each director; and (iii) the auditor of the Corporation.

Subject to the Act, the quorum at any such meeting is two Shareholders present in person or by proxy and representing not less than 5% of the Shares entitled to vote thereat that are then outstanding. If a quorum is not present at the opening of any meeting, the Shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business. If a meeting of Shareholders is adjourned for less than 30 days it is not necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned.

Under the Act, any special resolution put before a meeting of Shareholders must be passed by a majority of not less than two-thirds of the votes cast by the Shareholders who voted in respect of that resolution. At any such meeting, each Shareholder will be entitled to one vote for each whole Share held entitled to vote at the meeting.

Matters Requiring Securityholder Approval

In addition to those matters which the Act provides may only be undertaken with the consent of the Shareholders, the following matters require Shareholder approval by an Extraordinary Resolution at a meeting called and held for such purpose:

- (i) a change to the Investment Objectives or Investment Restrictions of the Corporation, other than any such changes as may be necessary to maintain the Corporation's status as a MIC for purposes of the Tax Act or otherwise to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (ii) a change in the Manager, other than (a) a change resulting in an affiliate of the Manager assuming such position, (b) a termination of the Management Agreement in accordance with its terms, or (c) a change in accordance with the terms of the Management Agreement for which Shareholder approval is not required;
- (iii) any increase in the basis of calculating the Manager Fees paid to the Manager or the rate per annum of the Manager Fees;
- (iv) the sale of all or substantially all of the assets of the Corporation other than in the ordinary course of its activities and other than in connection with the termination of the Corporation;
- (v) any amendment, modification or variation in the provisions or rights attaching to the Shares; and
- (vi) any cessation of the Corporation's mortgage investment business and termination of the Corporation other than, subject to applicable laws, a termination pursuant to the articles of the Corporation.

Dividend Reinvestment Plan

The Corporation has adopted a DRIP under which holders of Class A Shares may elect to reinvest cash dividends received from such shares to purchase additional shares of the same class or series. At each dividend payment date, a participating holder of Class A Shares (the "**DRIP Participant**") will be credited with the number of Class A Shares equal to the cash dividend payment divided by the relevant NAV per Class A Share. Any fractional shares in the DRIP will be paid to the DRIP Participant in cash upon transfer of such shares, termination from the DRIP or retraction. Furthermore, all dividends paid on Class A Shares acquired under the DRIP will be automatically reinvested in additional Class A Shares on each subsequent dividend payment date, in accordance with the terms of the DRIP.

Subject to the terms of the DRIP, all holders of Class A Shares resident in Canada are eligible to become DRIP Participants. Participation by residents of other jurisdictions is also subject to any restrictions imposed by the laws of that jurisdiction.

The Corporation has the power to make rules and regulations respecting the administration of the DRIP that are not inconsistent with the terms of the DRIP. The Corporation reserves the right, in its sole discretion and without

providing reasons, to refuse participation in the DRIP to, or to terminate the participation of, any person in the DRIP. Subject to applicable law and regulatory policy, the Corporation also reserves the right to determine a minimum number of Class A Shares that a participant must hold in order to be eligible to participate in, or continue to participate in, the DRIP. The Corporation will not issue any statements to DRIP Participants; however, DRIP Participants may receive statements from their Registered Dealers, or may request investor information from the Corporation.

Any amount to be required under applicable tax laws to be withheld by the Corporation from cash dividends paid to any DRIP Participant and remitted to a taxing authority will be withheld and remitted as required, with the balance being reinvested in additional Class A Shares under the DRIP.

A Shareholder may terminate participation in the DRIP at any time by completing and submitting a Dividend Reinvestment Plan withdrawal form, along with a void cheque, to the Corporation. Termination requests will be processed in respect of the dividend declared on the last Business Day of the third month following the month in which the form was received by the Corporation.

DRIP Participants whose Class A Shares are registered in a name other than their own (under a Deferred Plan or otherwise) may withdraw from the DRIP by making appropriate arrangements with the person who holds such Class A Shares to withdraw from the DRIP on their behalf.

Participation in the DRIP is terminated for a Retracting Shareholder.

Distributions

The Corporation will, pursuant to the Tax Act, make Distributions in the form of dividends to holders of the Class A Shares, if any, as the Board of Directors in their sole discretion may declare and, subject to the Act, the Board of Directors will be able to at any time declare and authorize the payment of dividends to the Shareholders in such amounts, in such form, in such manner, on such payment and other terms and subject to such conditions as they determine in their sole discretion, including declaring dividends on one class of shares of the Corporation to the exclusion of others.

Subject to such working capital or reserve requirements as the Board of Directors may determine are necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Corporation and for the conduct, promotion and protection of the business and activities of the Corporation, its assets and the Shareholders, the Corporation will declare a quarterly dividend on the Class A Shares in an amount determined by the Board of Directors in their discretion. Subject to the discretion of the Board of Directors, the record date for the determination of Shareholders entitled to the dividend shall be the day such dividend is declared, and all such dividends shall be payable within 15 days following the end of the month in which such dividend is declared.

Notwithstanding the foregoing, the Board of Directors may, for fiscal planning or other tax efficiency reasons, in their discretion declare that an additional Distribution will be payable to holders of the Shares of record on December 31. Each such additional Distribution may be satisfied by the issuance of additional Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such additional Distribution in Shares, the number of Shares of each applicable Class outstanding after the Distribution will be consolidated such that each Shareholder will hold after the consolidation the same number and Class of Shares as the Shareholder held before the additional Distribution. In such case, each certificate representing one or more Shares prior to Distribution of additional Shares shall be deemed to represent the same number and Class of Shares after the Distribution of additional Shares and consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Shareholder's participation in the additional Distribution, the consolidation will result in such Shareholder holding that number of Shares equal to (a) the number and Class of Shares held by such Shareholder prior to the Distribution plus the number and Class of Shares received by such Shareholder in connection with the additional Distribution (net of any taxes withheld) prior to the consolidation multiplied by (b) the fraction obtained by dividing the aggregate number of Shares of the applicable Class outstanding prior to the Distribution by the aggregate number of Shares of the applicable Class that would be outstanding following the additional Distribution and before the consolidation if no withholding were made in respect of any part of the additional Distribution payable to any Shareholder. Any such Shareholder, subject to withholding, will be required to surrender the Class A Share certificate(s), if any, representing

such Shareholder's original Shares in exchange for a certificate representing such Shareholder's post-consolidation Shares.

5.2 Plan of Distribution

The Class A Shares are conditionally offered if, as and when Subscription Agreements are accepted by the Corporation and subject to prior sale. There is no maximum offering. The minimum initial subscription is 1,000 Class A Shares (\$10,000) and 500 Class A Shares (\$5,000) for subsequent investments. Subscriptions for Class A Shares will be received by the Corporation subject to rejection or allotment, in whole or in part and the right of the Manager to close the subscription books at any time without notice is reserved to the Manager, in its sole discretion. The Corporation is not obliged to accept any subscription. If a subscription is not accepted, the Corporation will promptly return to the Subscriber the Subscription Agreement and the money comprising such subscription. Confirmation of acceptance of a subscription will be forwarded to the Subscriber by the Corporation.

Every person who subscribes for Class A Shares will be required to complete and deliver to the Corporation a Subscription Agreement accompanying this Offering Memorandum, together with payment of the Subscription Price in the manner described herein and therein.

SUBJECT TO THE FOREGOING, ALL SUBSCRIPTION AGREEMENTS AND ANCILLARY MATERIALS, IF ANY, SHOULD BE REVIEWED BY PROSPECTIVE SUBSCRIBERS AND THEIR PROFESSIONAL ADVISERS PRIOR TO SUBSCRIBING FOR CLASS A SHARES.

Qualified Subscribers

The Corporation is offering for sale up to 2,000,000 Class A Shares on a continuous basis in the Offering Jurisdictions by way of private placement pursuant to the exemption from the prospectus requirements set forth in Sections 2.3, 2.9 and 2.10 of NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions only to investors purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement, who sign a risk acknowledgement and other ancillary certificates in the prescribed form. A Subscriber who is an individual will have a limit on the aggregate amount of investments that such Subscriber can make in reliance on the exemption set out in Section 2.9 of NI 45-106 in a 12-month period.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Offering Jurisdictions, which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, Subscribers for Class A Shares will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Subscribers will be restricted from selling their securities for an indefinite period. See "Item 10 – Resale Restrictions".

Class A Shares are being sold through CVC, an exempt market dealer registered in British Columbia and Alberta. Sales of Class A Shares may also be effected through qualified sub-agents contracted through CVC. Any such sub-agents will be registered or exempt from registration in the applicable Offering Jurisdictions in accordance with registration requirements thereof. See "*Item 2.7 – Material Agreements – Agency Agreement*" and "*Item 7 – Compensation Paid to Sellers and Finders*".

Subscription Procedure

Subscribers may subscribe for Class A Shares in this Offering by delivering the following documents to the Corporation at the address shown in the Subscription Agreement:

- (i) a fully completed, dated and executed Subscription Agreement; and
- (ii) a cheque or bank draft from a Canadian chartered bank or such other form of payment acceptable to the Corporation made payable to "Valmor™ Mortgage Investment Corporation In Trust" in the amount of the aggregate Subscription Price for the Class A Shares.

The Corporation may hold subscription funds in a non-interest bearing trust account until midnight on the second Business Day after the day on which it received a signed Subscription Agreement. After this, the Corporation will hold the subscription funds in a non-interest bearing trust account pending a Closing under this Offering.

The Corporation anticipates that there will be multiple Closings. The Corporation may close any part of this Offering on any date. After a Closing of this Offering, the Subscriber will receive a confirmation from the Agent or the Corporation that the Class A Shares have been registered in the Subscriber's name and recorded electronically in the Corporation's securities register, provided the aggregate Subscription Price has been paid in full.

The Corporation may collect, use and disclose individual personal information in accordance with the privacy policy of the Corporation and will obtain consent to such collection, use and disclosure from time to time as required by its policy and the law.

Subscribers should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of Subscribers and the Corporation. Execution and delivery of a Subscription Agreement will bind Subscribers to the terms thereof, whether executed by Subscribers or by an agent on their behalf. Subscribers should consult with their own professional advisors. See "*Item 8 – Risk Factors*".

The Corporation operates under a direct registration system that allows its Shares to be owned, reported and transferred electronically without using a physical share certificate (a "**Direct Registration System**"). Instead of receiving a physical share certificate to represent your Class A Shares, the Class A Shares are registered in your name and recorded electronically in the Corporation's books and records. The Corporation believes direct registration is the safest and most convenient way to hold your Class A Shares; however, you may request a physical share certificate representing any or all of your Class A Shares. You will be required to safeguard and present the physical share certificate to the Corporation to facilitate any dealings with your Class A Shares and may be charged a fee and/or be required to provide a surety bond and an indemnity to the Corporation in order to replace a lost, stolen or destroyed share certificate.

The Corporation may from time to time establish a reasonable transaction processing fee to be charged to you for processing retraction requests, share transfers and requested changes to your holdings, such as name changes, address changes, dividend payment option changes, certificate issuances or re-issuances and additional reporting requests.

The Corporation reserves the right to accept or reject a subscription for Class A Shares in whole or in part and the right to close the subscription books at any time without notice. To the extent that any subscription for Class A Shares would disqualify the Corporation as a MIC, the Corporation reserves the right to hold such a subscription in trust until it has received sufficient additional subscriptions for Class A Shares that it would continue to qualify as a MIC upon closing of such subscription. Any funds for subscriptions that the Corporation does not accept will be promptly returned without interest after the Corporation has determined not to accept the subscription.

ITEM 6: CANADIAN INCOME TAX CONSIDERATIONS

The following is a general summary, as of the date of this Offering Memorandum, of the principal Canadian federal income tax consequences to investors who acquire, hold and dispose of Class A Shares acquired pursuant to this Offering.

This summary only applies to an investor who, for the purposes of the Tax Act, is a resident of Canada, will hold the Class A Shares as capital property and deals at arm's length and is not affiliated with the Corporation. The Class A Shares will generally be considered to constitute capital property to an investor unless the investor either holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade, and this summary is based on the assumption that neither of these circumstances apply. Certain investors may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem any Class A Shares (and all other "Canadian securities", as defined in the Tax Act) owned by such investor to be capital property. Investors whose Class A Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary does not apply to an investor (i) that is a "specified financial institution" or a "financial institution" both as defined in the Tax Act; (ii) an interest in which constitutes a "tax shelter investment" within the meaning of the Tax Act; (iii) that reports its Canadian tax results in a "functional currency" (which excludes Canadian dollars); or (iv) that has entered or will enter into a "derivative forward agreement", as that term is defined in the Tax Act, with respect to any Class A Shares.

This summary is based on the current provisions of the Tax Act, the regulations to the Tax Act (the "**Regulations**"), all specific amendments to the Tax Act and the Regulations publically announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "**Proposals**"), the facts contained in this Offering Memorandum, a certificate of an officer of the Corporation as to certain factual matters, and the current published administrative and assessing practices and policies of the CRA that have been made publicly available prior to the date hereof. No assurance can be made that the Proposals will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Class A Shares. It is not intended to constitute tax advice to any prospective investor or to be a substitute for careful individual tax planning, particularly since certain of the income tax consequences will not be the same for all investors. This summary does not address provincial or foreign income tax considerations and, except as otherwise noted, does not take into account or anticipate any changes in law whether by way of legislative, governmental or judicial action or any changes in the administrative practices of the CRA. You should consult your own tax professional advisors to obtain advice on the income tax consequences that apply to you.

Status of the Corporation

Classification under the Tax Act

This summary is based upon the assumption that the Corporation will qualify as a MIC at all relevant times. The Corporation has advised counsel that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. Counsel express no opinion as to the status of the Corporation as a MIC. If the Corporation were to not qualify as a MIC at any time, the income tax considerations would be materially different from those described below.

MIC Requirements

The following requirements must be met throughout a taxation year in order for the Corporation to qualify as a MIC for that taxation year:

- (i) Canadian Corporation: The Corporation must be a "Canadian corporation", as defined in the Tax Act, which generally means a corporation incorporated or resident in Canada;
- (ii) Undertaking: The Corporation's only undertaking was the investing of its funds and it cannot have managed or developed any real or immovable property;
- (iii) Prohibited Foreign Investment: None of the property of the Corporation consisted of debts owing to the Corporation secured on real or immovable property situated outside Canada, debts owing to the Corporation by non-resident persons unless such debts were secured on real or immovable property situated in Canada, shares of the capital stock of corporations not resident in Canada, or real or immovable property situated outside of Canada or any leasehold interest in such property;
- (iv) Shareholder Requirements: The Corporation had at least 20 shareholders. In addition, no shareholder (together with Related Persons) of the Corporation at any time in the year owned, directly or indirectly, more than 25% of the issued Shares of any class of the Corporation. Special rules apply for the purposes of counting shareholders that are registered pension plans or deferred profit sharing plans. The Tax Act provides that for the first taxation year of the Corporation in which it carried on business, this condition will be considered to have been met throughout such year provided that this condition is met on the last day of such year;

- (v) Preferred Shareholders: Holders of preferred shares (as defined in the Tax Act) (if any) of the Corporation had the right, after payment to them of their preferred dividends and payment of dividends in a like amount per share to the holders of common shares (as defined in the Tax Act), to participate *pari passu* (equally) with the holders of the common shares in any further payment of dividends;
- (vi) 50% Asset Test: The cost amount for purposes of the Tax Act to the Corporation of its property, in the form of or as a combination of debts secured on certain specified residential properties, cash on hand and deposits with a bank or any other corporation whose deposits are insured by the Canada Deposit Insurance Corporation or a credit union, (collectively, the "**Required Property**") was at least 50% of the cost amount to it of all of its property;
- (vii) 25% Asset Test: The cost amount for purpose of the Tax Act of Real Property (including leasehold interests therein but excluding Real Property acquired as a consequence of foreclosure or defaults on a mortgage held by the Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (viii) Debt to Equity Ratio: Where at any time in the year the cost amount to the Corporation for purposes of the Tax Act of its money and Required Property represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation's liabilities may not exceed 75% of the cost amount to the Corporation of all its property. Where, however, throughout the year the cost amount to the Corporation of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation's liabilities may not exceed 83.33% of the cost amount to the Corporation of all its property.

With respect to the requirement noted above that no shareholder (together with Related Persons) may own more than 25% of the shares of any class of the Corporation, for these purposes "Related Persons" include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual's spouse, common law partner or child under 18 years of age. The rules in the Tax Act defining "Related Persons" are complex and Shareholders should consult with their own tax advisors in this regard.

For the purposes of the 50% asset test noted above, the requirement is that the Corporation's investments must comprise the specified minimum amount of "debts" that are secured by mortgages, hypothecs or in any other manner, on "houses" as that term is defined in section 2 of the *National Housing Act* (Canada) or on property included within a "housing project", as that term is defined in that section as it read on June 16, 1999. Generally, a "house" for this purpose includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing units, and "housing project" for this purpose means a project consisting of one or more houses, one or more multiple family dwellings, housing accommodation of the hostel or dormitory type, one or more condominium units or any combination thereof, together with any public space, recreational facilities, commercial space and other buildings appropriate to the project, but does not include a hotel.

Eligibility for Investment

The Class A Shares will be qualified investments for trusts governed by Deferred Plans, provided that the Corporation qualifies at all times as a MIC and does not at any time hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Deferred Plan, or of any other person who does not deal at arm's length with that person.

Notwithstanding that the Class A Shares may be a qualified investment for a trust governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund, the holder or annuitant of such plan will be subject to a penalty tax if such Class A Shares are a "prohibited investment" for the purposes of the Tax Act for such plan. The Class A Shares will generally be a "prohibited investment" if the holder or annuitant: (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act; or (ii) has a "significant interest" (as defined in the Tax Act) in the Corporation. Generally, a holder or annuitant will have a "significant interest" in the Corporation if the holder or annuitant, either alone or together with persons or partnerships not dealing at arm's length with the holder or annuitant, own directly or indirectly 10% or more of the issued Shares of any class of the capital stock of the Corporation or any related corporation within the meaning of the Tax Act. In addition, the Class A

Shares will not be a "prohibited investment" if such Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund.

Not all securities are eligible for investment by a registered retirement savings plan.

Prospective Subscribers who intend to hold Class A Shares in a tax-free savings account, registered retirement savings plan or registered retirement income fund should consult their own professional advisors as to whether the Class A Shares would constitute a "prohibited investment", including with respect to whether the Class A Shares would be "excluded property".

Taxation of the Corporation

The Corporation will be considered to be a public corporation on the basis that it qualifies as a MIC. As a public corporation, the Corporation is subject to tax at the full general corporate income tax rates on its taxable income. However, provided the Corporation qualifies as a MIC, the Corporation may deduct in computing its income for a taxation year the amount of dividends paid to Shareholders as follows:

- (i) all taxable dividends, other than capital gains dividends, paid by the Corporation to Shareholders during the year or within 90 days after the end of the year (to the extent not deductible in computing the Corporation's income for the previous year); and
- (ii) one-half of all capital gains dividends paid by the Corporation to Shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year.

The Corporation must elect to have a dividend qualify as a capital gains dividend. The Corporation may elect that dividends paid during a 12-month period commencing 91 days after the commencement of a taxation year and ending 90 days after the end of the year be capital gains dividends to the extent of the Corporation's capital gains for the year less any applicable capital losses. The election must be made in respect of the full amount of a dividend and can only be made if the Corporation qualifies as a MIC throughout the taxation year.

The Corporation has advised counsel that the Corporation intends to make Distributions to the extent necessary to reduce its taxable income each year to nil so that no tax is payable by it under Part I of the Tax Act and to generally elect to have dividends treated as capital gains dividends to the maximum extent allowable.

Taxation of Securityholders

Taxation of Distributions

Holders of Class A Shares may receive Distributions from the Corporation in respect of their Class A Shares. Distributions may be in the form of ordinary dividends, capital gains dividends or returns of capital.

A. Dividends

A holder of Class A Shares is required to include in income, as interest payable on a bond issued by the Corporation, any amount received by the holder from the Corporation as or on account of a taxable dividend (other than capital gains dividends), whether paid in cash, in property of the Corporation or in additional Class A Shares, or reinvested in Class A Shares.

Capital gains dividends received by a holder of Class A Shares (whether paid in cash, in property of the Corporation or in additional Class A Shares, or reinvested in Class A Shares) will be treated as a capital gain of the Shareholder from a disposition of capital property in the year in which the dividend is received. See "*Disposition of Class A Shares*" below for the tax treatment of capital gains.

The gross up and dividend tax credit applicable to taxable dividends received by individuals from a taxable Canadian corporation will not apply to dividends paid by the Corporation.

B. Return of Capital

Any amount paid by the Corporation to a holder of Class A Shares on a return of capital will generally be deemed to be a dividend paid by the Corporation and received by the holder. This deemed dividend will be treated in the same manner as other dividends received by the holder from the Corporation, and its treatment will depend on whether the Corporation elects that the entire dividend be a capital gains dividend (to the extent that the Corporation has realized sufficient capital gains, net of any applicable capital losses, in the year). A return of capital on the Class A Shares will generally not affect the adjusted cost base of a holder's Class A Shares.

The amount of a dividend reinvested in additional Class A Shares will be the cost of such Class A Shares and will be averaged with the cost of other Class A Shares owned by the holder in determining the adjusted cost base of a holder's Class A Shares.

Disposition of Class A Shares

A sale or other disposition of a Class A Share (other than to the Corporation), including a deemed disposition, will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Class A Share exceed (or are exceeded by) a holder's adjusted cost base of such Class A Share and any reasonable disposition costs.

In general, one-half of a capital gain ("**taxable capital gains**") realized in the year on the disposition of Class A Shares will be included in the holder's income for the year, and one half of a capital loss ("**allowable capital losses**") realized in the year on such disposition of Class A Shares will be deducted from the holder's taxable capital gains, if any, realized in such year. Allowable capital losses in excess of taxable capital gains for a particular taxation year may generally be carried back three years or forward indefinitely and deducted against taxable capital gains realized in such years, subject to the detailed rules in the Tax Act.

Holders realizing capital gains on the disposition of Class A Shares or receiving capital gains dividends on Class A Shares may be subject to alternative minimum tax under the Tax Act.

On a Redemption or acquisition of Class A Shares by the Corporation, the holder generally will be deemed to have received, and the Corporation will be deemed to have paid, a dividend in an amount equal to the amount by which the Redemption price exceeds the paid-up capital of the redeemed Class A Shares. This deemed dividend will be treated in the same manner as other dividends received by the holder from the Corporation, and its treatment will depend on whether the Corporation elects that the entire dividend be a capital gains dividend (to the extent the Corporation has realized sufficient capital gains, net of any applicable capital losses, in the year). The balance of the Redemption price will constitute proceeds of disposition of the Class A Shares for purposes of the capital gains rules, as described above.

Taxation of Plans

Dividends received by a Deferred Plan on Shares that are a qualified investment for such a Deferred Plan will be exempt from income tax in the Deferred Plan, as will capital gains realized by the Deferred Plan on the disposition of such Class A Shares. Withdrawals from Deferred Plans, other than a tax-free savings plan and a registered education savings plan in some cases, are generally subject to tax under the Tax Act.

Tax Implications of the Corporation's Distributions

The NAV per Class A Share may be attributable in part to income and capital gains that have been earned or accrued by the Corporation, but which have not yet been realized and/or paid out as a dividend or other Distribution.

If a holder invests in Class A Shares before a dividend is declared, the holder will be taxed on the full amount of any such dividend that is received by the holder (and similarly in the case of a deemed dividend resulting from a return of capital Distribution). If the Corporation pays Distributions to holders of record on the last Business Day of each quarter, an investor who acquires a Class A Share late in the quarter but prior to the dividend or other Distribution will pay tax on the entire dividend (or deemed dividend) though the holder will have only recently acquired Class A Shares. See "*Taxation of Distributions*", above.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

CVC will receive: (i) a fee from the Corporation equal to 1% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent; and (ii) a fee from the Manager equal to 3% of the gross proceeds of each completed sale of a Class A Share sold through CVC or its sub-agent.

CVC may in the future engage other sub-agents to sell the Offering and will compensate such sub-agents on commercially reasonable terms.

The Corporation is a "connected issuer" and may be considered a "related issuer" of CVC, as such terms are defined in NI 33-105. The Corporation has determined that it is a connected issuer and may be considered a related issuer of CVC by virtue of CVC's role as an exempt market dealer engaged to sell the Class A Shares offered hereby and based on the fact that the Corporation and CVC have common securityholders. See "*Item 2.8 – Conflicts of Interest*" and "*Item 8 – Risk Factors – Conflicts of Interest*".

ITEM 8: RISK FACTORS

No Assurance of Achieving Investment Objectives

There is no assurance that the Corporation will be able to achieve its Investment Objectives or be able to pay dividends at the currently anticipated levels or at all, or be able to preserve capital. The cash available for dividends to Shareholders is expected to vary according to, among other things, the interest and principal payments received in respect of the Mortgage loans comprising the Mortgage Portfolio. There is no assurance that the Mortgage Portfolio will earn any return. The Corporation may periodically re-evaluate its then current level of dividends and adjust it higher or lower, which may have a material effect on the NAV of the Class A Shares. An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of dividends not being paid in any period or at all.

No Market for the Corporation's Securities and Resale Restrictions

There is no developed market for the Class A Shares and it is not expected that a market will develop. The Class A Shares are subject to overall restrictions under securities laws, the Corporation's articles and the terms of the Class A Shares. You will not be able to liquidate your investment or withdraw your capital at will and, other than in accordance with the limited retraction feature attached to the Class A Shares, you may never be able to sell your Class A Shares and recover any part of your investment. See "*Retraction Risks*" below. Accordingly, an investment in Class A Shares should only be considered by investors who do not require liquidity.

Retraction Risks

Subject to certain limitations and in compliance with the provisions of the articles of incorporation of the Corporation, each holder of Class A Shares is entitled to present a retraction request for all or any part of the Class A Shares registered in the name of that holder. The Corporation provides no assurance that any Shareholder will be able to retract any or all of the Class A Shares at any time. Retraction of the Class A Shares is subject to the Corporation maintaining its status as a MIC. Retraction of the Class A Shares is also subject to the Quarterly Limit and the Annual Limit. If the Quarterly Limit or Annual Limit is reached, Shareholders will experience reduced liquidity or no liquidity at all. Accordingly this investment may be unsuitable for prospective investors who require greater liquidity. See "*Item 5.1 – Terms – Retraction Provisions*".

Further, as the Retraction Price to be paid in respect of any Retracting Shares is an amount equal to the applicable NAV per Class A Share, less the Early Retraction Charges, if applicable, as calculated on the last Business Day of the month immediately preceding the applicable Retraction Date of such Retracting Shares, such Retraction Price cannot be known with certainty prior to the Board of Directors determining the Retraction Price. The Retracting Shares may also be subject to Early Retraction Charges and may be subject to a retraction discount in the sole discretion of the Board of Directors if the Annual Limit is reached. See "*Item 5.1 – Terms – Early Retraction Charges*" and "*Item 5.1 – Terms – Other Retraction Provisions*". In addition, the Board of Directors will not approve any transfer of Class A Shares, including on a retraction, if it would result in the Corporation ceasing to qualify as a MIC.

If a significant number of Class A Shares are retracted, the Corporation may be required to sell Eligible Investments in order to satisfy retraction payment obligations and may not be able to complete such sales on favourable terms or at all, and the expenses of the Corporation would be spread among fewer Class A Shares potentially resulting in a higher management expense ratio per Class A Share.

The Corporation reserves the right, on the advice of the Manager, to suspend the retraction of Class A Shares in certain circumstances. See "*Item 5.1 – Terms – Other Retraction Provisions*". If retractions are suspended, Shareholders will experience reduced liquidity or no liquidity at all.

Speculative Nature of Offering

This is a speculative offering. The purchase of Class A Shares involves a number of significant risk factors and is suitable only for investors who are aware of the risks inherent in investing in MICs and the real estate sector and who have the ability and willingness to accept the risk of a total loss of their invested capital, who have no immediate need for liquidity and who can withstand the effect of dividends not being paid in any period or at all. There is no assurance of any return on an investment in the Class A Shares or a guarantee of invested capital. If the Board of Directors of the Corporation determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, paying dividends on the Class A Shares.

Moreover, the interest rates being charged for the Mortgages in which the Corporation invests reflect the general level of interest rates and, as interest rates fluctuate, management of the Corporation expects that the aggregate yield on the Corporation's Mortgage investments will also change which could materially negatively impact any return on investment in the Class A Shares.

The Corporation strongly advises that prospective investors review this Offering Memorandum in its entirety and consult their own professional legal, tax, investment and financial advisors to assess, prior to purchasing any Class A Shares, the appropriateness of this investment in relation to their financial and investment objectives and circumstances, and in relation to the tax consequences of any such investment.

MIC Corporation with Limited Operating History

The Corporation has been in operation for 1 year and is in the early stage of development and may be considered a start-up. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

In the early stage of development the Mortgage Portfolio may have a geographical concentration, a residential concentration, a primary security concentration, a property type concentration risk, a single Mortgage concentration, a single borrower concentration or a combination thereof. The Corporation intends to diversify the Mortgage Portfolio over time in accordance with its Investment Guidelines, but there is no guarantee as to when such diversification will be attained.

Reliance on Management

In assessing the risks and rewards of an investment in Class A Shares, potential investors should appreciate that they are relying on the knowledge and expertise of the Manager, the Mortgage Broker, the Custodian and CVC and the good faith and judgment of the Board of Directors. Shareholders of Class A Shares have no right to participate in the management of the Corporation nor do they have the right to vote on most matters affecting the Corporation, including the appointment of the Manager, the Mortgage Broker, the Custodian or CVC as agent, or the election of the Board of Directors. It would be inappropriate for investors who are unwilling to rely on the Manager, the Mortgage Broker, the Custodian, CVC and the Board of Directors to this extent to subscribe for Class A Shares.

Further, there is no certainty that the persons who currently comprise the Board of Directors or the persons who are currently directors, officers or employees of the Manager, the Mortgage Broker, the Custodian or CVC will continue to be available to the Corporation for the entire period during which it requires the provision of their services. Each of the Management Agreement, Mortgage Broker Agreement, Custodial Agreement and Agency Agreement may be terminated in various circumstances, including by the Manager, Mortgage Broker, the Custodian or CVC, as

applicable, upon the requisite prior written notice to the other parties as provided for in each agreement. There is no assurance that the Manager, the Mortgage Broker, the Custodian or CVC will continue to provide services to the Corporation.

Lack of Separate Legal Counsel

The Subscribers, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Mortgage Broker/Administrator purport to have acted for the Subscribers nor to have conducted any investigation or review on their behalf.

Performance of the Manager

Because the Manager Services are provided through the Manager, the Corporation is exposed to adverse developments in the business and affairs of the Manager, to its management and to its ability to retain key employees to successfully perform the Manager Services. There can be no assurance that the Manager will be able to perform the Manager Services at the level it is currently anticipated to, or that it will be able to retain its key employees.

Title to Mortgages not in Name of Corporation

Title to Mortgages held on behalf of the Corporation will be registered in the name of the Mortgage Broker or its affiliate, or a nominee bare trustee for the Corporation or the Mortgage Broker and held in trust for the Corporation, and will not be registered in the name of the Corporation. Upon termination of the Mortgage Broker Agreement, all documents will be transferred into the name of the Mortgage Broker's successor as directed by the Corporation.

Industry Risks

There are also risks faced by the Corporation related to the industry in which it operates. Real estate values are subject to fluctuation owing to a variety of supply and demand factors impacting real estate markets. These risks could result in a material adverse effect on the Corporation's business, financial condition and results of its operations, which in turn would result in a material adverse effect on the dividends targeted, payable and/or paid on the Class A Shares.

No Regulatory Review of Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of the Class A Shares or reviewed this Offering Memorandum, and purchasers under the Offering will not have the benefit of a such an assessment or review.

No Guarantees or Insurance

There can be no assurance that the Mortgage Portfolio will result in a guaranteed rate of return or any return to Shareholders or that losses will not be suffered on one or more Mortgage loans. Moreover, at any point in time, the interest rates being charged for Mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage loans will also change.

A Mortgage borrower's obligations to the Corporation are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. Further, Class A Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

There are no guarantees the Mortgage Portfolio will generate a sufficient stream of income from Eligible Investments and some or all of the Manager Fees, Mortgage Broker Fee, General and Administration Expenses and other costs may be paid from the Net Subscription Proceeds.

Mortgage Portfolio Not Insured

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

Qualification as a MIC

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard.

If the Corporation initially qualifies as a MIC under the Tax Act but, for any reason, the Corporation does not maintain its qualification, dividends paid by the Corporation on the Class A Shares will cease to be deductible by the Corporation in computing its income and will no longer be deemed to have been received by holders of the Class A Shares as interest or a capital gain, as the case may be. In such event, unless the Class A Shares are listed on a designated stock exchange, the Class A Shares may not constitute qualified investments for Deferred Plans. See "*Item 6 – Canadian Income Tax Considerations*".

Absence of Voting Rights

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

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

Dilution and Future Securities Offerings

The number of Shares the Corporation is authorized to issue is unlimited and the Board of Directors has the sole discretion to issue additional Shares (including Class A Shares). The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Shares in order to raise the funds required, which will result in a dilution of the interests of the Shareholders in the Corporation and the income or loss from the Corporation. The Corporation may also in the future create and offer for sale Shares or other securities that have different or greater rights than the Class A Shares, including ranking ahead of the Class A Shares in respect of dividends and the distribution of assets for the purpose of winding-up the Corporation's affairs.

Share Class Risk

Certain matters require the approval of holders of a particular Class of Shares voting together. To the extent more Shares are issued in any Class of Shares, the voting rights of the other Classes of Shares on these matters (and vice versa) will be diluted.

Limitations on Ownership and Repurchases of Shares

In order to maintain its status as a MIC, the articles of incorporation of the Corporation provide that no shareholder is permitted to hold at any time, directly or indirectly, either alone or together with a Related Person, more than 25% of any class of the issued shares of the Corporation. Although the Manager will monitor the foregoing limitation on ownership and advise the Board of Directors of any potential circumstances in which this limitation may be exceeded, there is no assurance that the Corporation will be able to identify each particular circumstance prior to the limitation on ownership being exceeded. In the event that any transaction affecting the shares of the Corporation, if completed, would cause any shareholder, either alone or together with Related Persons, to hold more than 25% of any class of issued shares of the Corporation, that portion of the shares held which constitutes in excess of 24.9% of the issued

shares of any class of shares will, simultaneously with the completion of the subject transaction, automatically be repurchased and cancelled by the Corporation without any further action by the Corporation or the subject shareholder(s). See "*Item 5.1 – Terms – Restrictions on Ownership of Shares*". The Corporation's failure to maintain its status as a MIC would have a material adverse effect on the Corporation's taxation, business, operations, financial condition and general business prospects. In addition, such repurchases of a Class of shares by the Corporation could be significant and, if so, the Corporation may be required to sell Mortgages in order to satisfy purchase payment obligations, and may not be able to complete such Mortgage sales on favourable terms or at all.

Nature of the Corporation's Investments

The Corporation will depend on revenue generated from its Mortgage Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the Eligible Investments. The amount of dividends will depend upon numerous factors, including protection and recovery costs, holding costs of inventory, the ability of borrowers to make applicable payments under the Corporation's Mortgage investments, interest rates, unexpected costs, and other factors which may not now be known by, or which may be beyond the control of, the Corporation or the Manager. There can be no assurance that the Eligible Investments of the Corporation will result in a guaranteed rate of return or any return to Shareholders or that losses will not be suffered on one or more Mortgage loans.

The Mortgage loans in which the Corporation invests will be secured by real estate. All Real Property investments are subject to elements of risk. Real Property value is affected by general economic conditions, local real estate markets, the attractiveness of a property to purchasers or tenants, competition from other available properties and other factors. While independent appraisals are generally reviewed and evaluated before any Mortgage investments are made, the appraised values provided therein, even where reported on an "as is" basis are not necessarily reflective of the market value of the underlying Real Property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or lease-up improvements on the Real Property providing security for the investment. There can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the Real Property at the time the conditions are satisfied. The value of income producing Real Property may also depend on the credit worthiness and financial stability of the borrowers.

The Corporation's income and funds available for Distribution to securityholders would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Corporation. On default by a borrower, the Corporation may experience delays in enforcing its rights as lender and may incur substantial costs in protecting and recovering its investment. A substantial decline in the value of Real Property provided as security for a Mortgage may cause the value of the property to be less than the outstanding principal amount of the Mortgage loan. Foreclosure by the Corporation on any such Mortgage loan generally would not provide the Corporation with proceeds sufficient to satisfy the outstanding principal amount of the Mortgage loan.

Mortgage investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, the investment. Such illiquidity may tend to limit the Corporation's ability to vary its Mortgage Portfolio promptly in response to changing economic or investment conditions. If the Corporation were required to liquidate its Mortgage investments, the proceeds to the Corporation might be significantly less than the total value of its investment.

General adverse economic conditions globally, disruptions to the credit and financial markets in Canada and worldwide and local economic turmoil in areas where the borrowers of the Mortgage loans are located may adversely affect the value of real estate on which the Mortgage loans are secured and the ability of the borrowers to repay the Mortgage loans and thereby negatively impact on the Corporation's business and the value of Class A Shares.

Payment of Dividends

The Corporation will pay dividends to holders of the Class A Shares entitled to receive such dividends, if any, as the Board of Directors in their sole discretion may declare. The amount of such dividends is not established and the terms of such dividend Distributions remain, among other things, at the discretion of the Board of Directors. See "*Item 5.1 – Terms – Distributions*". The amount of future dividends, and any changes to the Corporation's Distributions, if any, will depend on the Corporation's results of operations, cash requirements, financial condition,

contractual restrictions, business opportunities, provisions of applicable law and other factors. For these and other reasons, the payment of dividends by the Corporation, and the level thereof, is uncertain.

Availability of Investments and Performance of the Mortgage Broker

Because the source of the Corporation's investments is through the Mortgage Broker, the Corporation is exposed to adverse developments in the business and affairs of the Mortgage Broker, to its management and financial strength, to its ability to operate its businesses profitably and to its ability to retain its mortgage broker licenses issued to it under applicable legislation. The ability of the Corporation to make investments in accordance with the Investment Guidelines of the Corporation will depend upon the availability and performance of the Mortgage Broker in seeking out opportunities for investment in Mortgages and referring Mortgage investment opportunities to the Corporation and the Manager for approval that meet the Investment Guidelines. There can be no assurance that the Mortgage Broker will be able to refer Mortgage investment opportunities to the Corporation and the Manager that meet the Investment Guidelines.

Sensitivity to Interest Rates

The market price for the Class A Shares and the value of the Mortgage Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income consists primarily of interest payments on the Mortgages comprising the Mortgage Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's Mortgages are based), the Corporation may find it difficult to purchase additional Mortgages bearing rates sufficient to achieve the desired payment of Distributions on the Class A Shares. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's ability to make Distributions on the Class A Shares. As well, if interest rates increase, the value of the Mortgage Portfolio may be negatively impacted.

Composition of the Mortgage Portfolio

Given the concentration of the Corporation's exposure to Mortgages, the Corporation may be more susceptible to adverse economic or regulatory occurrences affecting Real Property than an issuer that holds a diversified portfolio of securities. A lack of diversification may result in the Corporation being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography and to larger losses as a result of such concentration.

Further, the composition of the Mortgage Portfolio may vary widely from time to time, including at the initial stages before it has invested in additional Mortgages and in order to remedy a default, and may be concentrated by mortgage, borrower, type of security, industry or geography, or other factors resulting in the Mortgage Portfolio being less diversified than at other times. Therefore, the returns generated by the Mortgage Portfolio may change as its composition changes.

Risks Related to Mortgage Extensions and Defaults

The Manager may from time to time deem it appropriate to extend or renew the term of a Mortgage loan past its maturity or to accrue the interest on a Mortgage loan, and generally will do so if it believes this will protect or enhance the value of the security for the loan. In these circumstances, however, the Corporation is subject to the risk that the principal and/or accrued interest of such Mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Corporation during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loans. The availability or reduction of capital by third party lending institutions could negatively affect the ability of a borrower to refinance and pay out a Mortgage in the Mortgage Portfolio when due.

When a Mortgage loan is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Manager has the ability to exercise Mortgage enforcement remedies in respect of the extended or renewed Mortgage loan. Exercising Mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Corporation during the period of enforcement. In addition, as a result of potential declines in real estate

values, in particular given the current economic environment, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such Mortgages by exercising its Mortgage enforcement remedies. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such Mortgage loans, the value of the Corporation's assets and the NAV per Class A Share would be reduced, and the returns, financial condition and results of operations of the Corporation could be adversely impacted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Corporation, with the Manager's oversight, could therefore be forced to exercise its Mortgage enforcement rights. The recovery of a portion of the Corporation's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation's rights. Legal fees and expenses and other costs incurred by the Corporation in enforcing its rights against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable, they will be borne by the Corporation.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of Real Property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may therefore be required to incur such expenditures to protect its investment or to increase the value of the property for sale, even if the borrower is not honouring its contractual obligations.

Litigation Risks

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

Failure to Meet Commitments

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

Borrowing and Leverage

The Corporation may borrow funds using its Eligible Investments and/or corporate assets as security in order to maximize the amount of capital deployed. In the event that the Corporation is not able to meet its obligations under such loans pertaining to the payment of interest or the repayment of principal, the Corporation could incur substantial costs if the Corporation needs to sell assets to repay the loan or to otherwise protect the investments of the Corporation while managing the repayment of such a loan and/or the Corporation could lose some or all of its assets as a result of lenders exercising their rights of foreclosure and sale or under the security arrangements made with respect to such loan. Access to or maintaining a credit facility, on commercially favourable terms, may be negatively impacted by a reduction or availability of capital in the global financial markets.

The interest expense and fees incurred in respect of any credit facilities or loans arranged by the Corporation may exceed the incremental capital gains/losses and income generated by the incremental investments in Eligible Investments made with the proceeds of such facilities or loans. Accordingly, any event which adversely affects the value of the Eligible Investments would be magnified to the extent that leverage is employed to purchase such Eligible Investments. In addition, the Corporation may not be able to renew any credit facility or loan on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Corporation will enhance returns. Any such loans will not be guaranteed by the Manager or secured by any of its assets.

Competition

The Corporation will be competing for investments with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek investments similar to those desired by the Corporation. Many of these investors will have greater financial resources than those of the Corporation, or operate without the investment or operating restrictions of the Corporation or according to more flexible conditions. An increase in the availability of investment funds and lenders and an increase in interest in such investments may increase competition for those investments, thereby increasing purchase prices, lowering the interest rate that may be charged on loans and reducing the yield on available investments.

The Corporation's stream of income depends on the ability of the Manager to invest the Corporation's funds in suitable Eligible Investments and on the yields available from time to time on Mortgages as well as the cost of borrowings, if any. A variety of competing lenders and investors are active in the areas of investment in which the Corporation will operate. The returns on real estate investments, including Mortgages, depend on many factors including economic conditions, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments and tax laws. The Corporation cannot predict the effect which such factors will have on its operations.

Changes in Legislation

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 Corporation or Distributions received by Shareholders or that certain laws applicable to the Corporation, including Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the Corporation or fundamentally alter the tax consequences to Shareholders acquiring, holding or disposing of Class A Shares.

Environmental and Other Regulatory Matters

Environmental legislation and policies have become an increasingly important feature of property ownership and management. Under various laws the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location.

The Corporation, as and when required, will generally receive a Phase I Environmental Audit of any subject property, conducted by an independent and experienced environmental consultant, before advancing a loan or acquiring a Mortgage. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Corporation from potential liability for a materially adverse environmental condition at any mortgaged property. The Corporation could be subject to environmental liabilities in connection with such Real Property, which could exceed the value of the property.

Further, the failure to complete remedial work may adversely affect an owner's ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner. The Corporation may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such clean-up.

Conflicts of Interest

The Corporation, the Manager, the Mortgage Broker, CVC, COC and the Custodian are connected issuers and may be considered to be related issuers as they share common securityholders, directors and/or officers, and, accordingly, there may be conflicts of interest if the interests of these companies are inconsistent. In addition, unless separate trust accounts are opened in the future, the cash assets of the Corporation will be held by the Custodian in one trust account with the cash assets of the other CareVest MIC entities for which the Custodian acts as custodian. See "*Item 2.1 – Structure – Affiliates of the Corporation*" and "*Item 2.8 – Conflicts of Interest*".

Fair Allocation

The Manager has adopted a fairness policy regarding the allocation of investment opportunities to multiple clients and the potential conflicts of interest that may arise therefrom. The Manager endeavours to allocate investment opportunities among the CareVest MIC entities in a fair and reasonable manner based upon such factors as the Manager considers relevant including, without limitation, each such entity's investment guidelines, available capital, cash flow needs, and risk management factors, and status of existing investments.

As a result, the fairness policy recognizes that, given the fluid nature of each CareVest MIC entity's needs and the availability of suitable investment opportunities, no rigid formula will lead to a fair and reasonable result, and that a degree of flexibility is required to adjust to specific circumstances as necessary, in all cases in accordance with the goal that the allocation is fair and reasonable. In addition, up to 100% of the Mortgages of the Corporation may be in Syndicated Mortgages whereby the other positions in the Syndicated Mortgages may be taken up by other investment vehicles, which may include the Manager, other CareVest MIC entities, or their affiliates.

Subordinated Loans and Mortgages

Some of the investments in which the Corporation invests may be considered to be riskier than primary (senior) debt financing because the Corporation will not have a first-ranking charge on the Real Property. When a charge on property is in a position other than first-ranking, it is possible for the holder of a senior-ranking charge on the property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the property to realize on the security given for the loan. Such actions may include a foreclosure action, the exercising of a giving-in-payment clause or an action forcing the property to be sold. A foreclosure action or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person having other than a first-ranking charge on the property of the security of the property. If an action is taken to sell the property and sufficient proceeds are not realized from such sale to pay off creditors who have prior charges on the property, the holder of a subsequent charge may lose its investment or part thereof to the extent of such deficiency unless the holder can otherwise recover such deficiency from other property owned by the debtor.

Ability to Manage Growth

The Corporation intends to grow the Mortgage Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, the Corporation may need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which could divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that the Corporation will be able to effectively manage its growth and, if it is unable to do so, the Mortgage Portfolio, and the value of the Class A Shares, may be materially adversely affected.

Cyber Security

Failures or breaches of the electronic systems of the Corporation, the Mortgage Broker, the Manager, the Agent and the Corporation's other service providers, if any, have the ability to cause disruptions and negatively impact the Corporation's business operations, potentially resulting in financial losses to the Corporation and to its shareholders. While the Corporation has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, the Corporation cannot control the cyber security plans and the systems of the Corporation's Mortgage Broker, Manager, Agent and/or service providers, if any.

ITEM 9: REPORTING OBLIGATIONS

The Corporation is not a reporting issuer and therefore is not subject to most of the continuous reporting obligations imposed on reporting issuers by securities legislation in any province of Canada. Under corporate or securities legislation and the Corporation's constating documents, the Corporation is not required to send Subscribers or make available any documents on an annual or on-going basis other than (i) audited financial statements, which will be made available on the website of the Manager at www.carecanacorp.com as soon as practicable after the end of each financial year and filed on Corporation's SEDAR profile at www.sedar.com; and (ii) Form 45-106F16 – *Notice of Use of Proceeds* disclosing the use of the aggregate gross proceeds raised by the Corporation until such time as the use of all proceeds has been disclosed.

Although the Corporation is not a reporting issuer, it is required to file this Offering Memorandum and all related OM marketing materials with the securities commissions or similar authorities in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. This Offering Memorandum and all related OM marketing materials can be viewed on SEDAR under the Corporation's SEDAR profile at www.sedar.com. Subject to the Act, you will not be given notice of, or be entitled to attend or vote at any meetings of the shareholders of the Corporation. See "*Item 5 – Description of Securities Offered*".

ITEM 10: RESALE RESTRICTIONS

The Class A Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Class A Shares unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation.

Purchasers Resident in a Province Other than Manitoba

Unless permitted under securities legislation, you cannot trade the Class A Shares before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

Since the Corporation does not intend to become a reporting issuer, unless a further exemption is relied upon, you may be required to hold your Class A Shares for an indefinite period of time.

Manitoba Purchasers

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

- (i) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the Class A Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (ii) you have held the Class A Shares for at least 12 months.

The regulator in Manitoba will consent to a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11: PURCHASER'S RIGHTS

If you purchase Class A Shares you will have certain rights, some of which are described below. For information about your rights, you should consult your legal counsel. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers have at law.

For the purposes of this section, a "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary in order to make any statement in the Offering Memorandum not misleading in light of the circumstances in which it was made.

For the purposes of this section, a "material fact" is a fact that significantly affects, or would reasonably be expected to significantly affect, the market price or value of the Class A Shares.

Alberta

If you are resident in Alberta and are purchasing the Class A Shares under the exemption found in section 2.9 of NI 45-106 (the "**OM Exemption**"), you have the following rights:

- (i) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Class A Shares offered by this Offering Memorandum. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the agreement to buy the Class A Shares.

- (ii) **Statutory Rights of Action in the Event of a Misrepresentation** – If this Offering Memorandum contains a misrepresentation and you purchase the Class A Shares hereunder, you will have a right of action for damages or rescission against the Corporation, without regard to whether you relied on the misrepresentation. You also have a right of action for damages against every director who was a director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise your right to cancel your agreement to purchase the Class A Shares (rescission) against the Corporation, you will not have a right of action for damages against the Corporation or any other person named in paragraph (ii) above.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Class A Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered to you under this Offering Memorandum.

This right of action for misrepresentation is available to you without regard to whether you relied on the misrepresentation. However, there are various defenses available to the persons or companies against which you have a right of action. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Class A Shares.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Class A Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date of the transaction that gave rise to the cause of action.

British Columbia

If you are resident in British Columbia and are purchasing the Class A Shares under the OM Exemption, you have the following rights:

- (i) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Class A Shares offered by this Offering Memorandum. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the agreement to buy the Class A Shares.
- (ii) **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in this Offering Memorandum and you purchase the Class A Shares offered hereunder, you are deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and you have a right of action for damages or rescission against the Corporation. You also have a right of action for damages against every director who was a director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise your right to cancel your agreement to purchase the Class A Shares (rescission) against the Corporation, you will not have a right of action for damages against the Corporation or any other person named in paragraph (ii) above.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Class A Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered to you under this Offering Memorandum.

If there is a misrepresentation at the time of purchasing the Class A Shares, you are deemed to have relied on the misrepresentation and a right of action for misrepresentation is available to you. However, there are various defenses available to the persons or companies against which you have a right of action. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Class A Shares.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Class A Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date of the transaction that gave rise to the cause of action.

Saskatchewan

If you are resident in Saskatchewan and are purchasing the Class A Shares under the OM Exemption, you have the following rights:

- (i) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Class A Shares offered by this Offering Memorandum. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the agreement to buy the Class A Shares.
- (ii) **Statutory Rights of Action in the Event of a Misrepresentation** – If this Offering Memorandum contains a misrepresentation and you purchase the Class A Shares hereunder, you will have a right of action for damages or rescission against the Corporation, without regard to whether you relied on the misrepresentation. You also have a right of action for damages against:
 - (a) every promoter and director of the Corporation at the time this Offering Memorandum or any amendment to it was sent or delivered to you;
 - (b) every person or company whose consent has been filed with the Offering Memorandum or amendment to it but only with respect to reports, opinions or statements that have been made by them;
 - (c) every person who or company that, in addition to those persons referenced in subparagraphs (a) and (b) above, signed the Offering Memorandum or any amendment to it; and
 - (d) every person who or company that sells the Class A Shares on behalf of the Corporation under this Offering Memorandum or any amendment to it.

If you elect to exercise your right to cancel your agreement to purchase the Class A Shares (rescission) against the Corporation, you will not have a right of action for damages against the Corporation or any other person named in paragraph (ii) above.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Class A Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered to you under this Offering Memorandum.

This right of action for misrepresentation is available to you without regard to whether you relied on the misrepresentation. However, there are various defenses available to the persons or companies against which you have a right of action. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Class A Shares.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Class A Shares. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date of the transaction that gave rise to the cause of action.

Manitoba

If you are resident in Manitoba and are purchasing the Class A Shares under the OM Exemption, you have the following rights:

- (i) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Class A Shares offered by this Offering Memorandum. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the agreement to buy the Class A Shares.
- (ii) **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in this Offering Memorandum and you purchase the Class A Shares offered hereunder, you are deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and you have a right of action for damages or rescission against the Corporation. You also have a right of action for damages against every person who was a director of the Corporation at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise your right to cancel your agreement to purchase the Class A Shares (rescission) against the Corporation, you will not have a right of action for damages against the Corporation or any other person named in paragraph (ii) above.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Class A Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered to you under this Offering Memorandum.

If there is a misrepresentation at the time of purchasing the Class A Shares, you are deemed to have relied on the misrepresentation and a right of action for misrepresentation is available to you. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Class A Shares.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Class A Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and two years after the date of the transaction that gave rise to the cause of action.

Ontario

If you are resident in Ontario and have received a copy of this Offering Memorandum in connection with a subscription for Class A Shares, you have the following rights:

- (i) **Two Day Cancellation Right** – You can cancel your agreement to purchase the Class A Shares offered by this Offering Memorandum. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the agreement to buy the Class A Shares.
- (ii) **Statutory Rights of Action in the Event of a Misrepresentation** – If this Offering Memorandum contains a misrepresentation and you purchase the Class A Shares hereunder, you will have a right of action for damages or rescission against the Corporation, without regard to whether you relied on the misrepresentation.

If you elect to exercise your right to cancel your agreement to purchase the Class A Shares (rescission) against the Corporation, you will not have a right of action for damages against the Corporation.

In the case of an action for damages, the defendant will not be liable for all or any part of the damages that it proves does not represent a depreciation in value of the Class A Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered to you under this Offering Memorandum.

This right of action for misrepresentation is available to you without regard to whether you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, there is a defense if you had knowledge of the misrepresentation when you purchased the Class A Shares.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the agreement (rescission) within 180 days after you signed the agreement to purchase the Class A Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date of the transaction that gave rise to the cause of action.

ITEM 12: FINANCIAL STATEMENTS

The audited financial statements and the notes thereto for the period from inception to December 31, 2016 are set forth below.

Financial statements of

**Valmor Mortgage Investment
Corporation**

December 31, 2016

Valmor Mortgage Investment Corporation

December 31, 2016

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Independent Auditor's Report

To the Shareholders of
Valmor Mortgage Investment Corporation

We have audited the accompanying financial statements of Valmor Mortgage Investment Corporation, which comprise the statement of financial position as at December 31, 2016, and the statement of earnings and total comprehensive income, statement of changes in equity and statement of cash flows for the period from date of incorporation on June 28, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Valmor Mortgage Investment Corporation as at December 31, 2016, and its financial performance and cash flows for the period from date of incorporation on June 28, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
March 24, 2017
Calgary, Alberta

Valmor Mortgage Investment Corporation

Statement of earnings and total comprehensive income
period from date of incorporation June 28, 2016
to December 31, 2016

(In Canadian dollars)

	December 31, 2016 (184 days)
	\$
Revenue	5
Expenses	5
Earnings before income taxes	-
Deferred income tax recovery (Note 10)	316
Net earnings and total comprehensive income	316

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Statement of changes in equity
period from date of incorporation June 28, 2016
to December 31, 2016

(In Canadian dollars)

	Capital stock	Retained earnings	Total
	\$	\$	\$
Balance, June 28 2016	-	-	-
Issuance of capital stock (Note 7)	10	-	10
Net earnings for the year and total comprehensive income	-	316	316
Balance, December 31, 2016	10	316	326

The accompanying notes to the financial statements are an integral part of this financial statement.

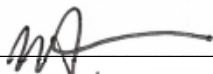
Valmor Mortgage Investment Corporation

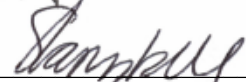
Statement of financial position
as at December 31, 2016

(In Canadian dollars)

	December 31, 2016
	\$
Assets	
Cash (Note 6)	115,860
Deferred income taxes (Note 10)	316
	116,176
Liabilities	
Class A shares (Note 8)	115,850
	115,850
Shareholders' equity	
Capital stock (Note 7)	10
Retained earnings	316
	326
	116,176

Approved by the Board

 _____ Director

 _____ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Statement of cash flows
period from date of incorporation June 28, 2016
to December 31, 2016

(In Canadian dollars)

	December 31, 2016 (184 days)
	\$
Operating activities	
Net earnings	316
Finance income	(5)
Finance income received	5
Deferred tax recovery (Note 10)	(316)
	-
Financing activity	
Issuance of capital stock (Note 7)	10
Issuance of Class A shares (Note 8)	115,850
	115,860
Net increase in cash	115,860
Cash, beginning of period	-
Cash, end of year	115,860

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

1. Nature of operations

Valmor Mortgage Investment Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 28, 2016. The address of the registered office and principal place of business is Suite 1800, 555 - 4th Avenue S.W. Calgary, Alberta T2P 3E7.

The Company operates as a mortgage investment corporation, carrying on the business of investing directly or indirectly in mortgages granted as security for loans to builders, developers and owners of commercial, industrial and residential real estate located in various provinces of Canada.

The Company invests in mortgages originated, structured and advanced by CareVest Capital Inc. ("CCI") under an agreement with CCI.

The Company has appointed Carecana Management Corp. ("Carecana") as its investment fund manager and restricted portfolio manager pursuant to a management agreement.

The financial statements were approved by the directors, Mr. Mike Helfer and Ms. Shauna Campbell, and authorized for issue on March 24 2017.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial statements have been prepared on a going concern basis and measured at historical cost except for financial instruments classified as at fair value through profit or loss ("FVTPL"), which are measured at fair value. These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Historical cost is based on the fair value of the consideration given in exchange at the transaction date.

General

The Company's financial statements are prepared using the significant accounting policies described in Note 3. These policies have been applied throughout the year unless otherwise stated.

3. Significant accounting policies

Cash

The Company's policy is to disclose bank deposit balances under cash, including cash and short-term investments in money market instruments (if held), net of outstanding bank overdrafts including cash held in trust by Carecana Settlement Corp. All components are liquid and any short-term investments have an original maturity of less than three months.

Revenue recognition

The Company purchases mortgage investments from CareVest Capital Inc. ("CCI"). Finance income is accounted for on an accrual basis and is measured at the fair value of the consideration received or receivable.

Finance income

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a timely basis, by reference to the principal outstanding balance and at the terms of the mortgage commitment it relates to.

In the event of mortgage impairment, interest income will be recognized using the rate of interest used to discount the future cash flows in measuring the impairment.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

3. Significant accounting policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions are not recognized for future operating losses.

Financial instruments

Financial assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company has classified its financial assets as follows:

Cash	Loans and receivables
------	-----------------------

Effective interest method

The effective interest method is a method of calculating the amortized cost of financial assets and liabilities and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets - loans and receivables

Cash is classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets - impairment of financial assets

At each reporting date, the Company assesses whether there is any evidence that a financial asset or group of financial assets is impaired. The Company reviews the carrying amounts of its financial assets recorded at amortized cost to determine whether there is objective evidence that those financial assets have suffered an impairment loss. A financial asset, or group of financial assets, is impaired when objective evidence demonstrates that the estimated future cash flows for the financial asset or group of financial assets have been negatively impacted. If an impairment loss has occurred, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - impairment of financial assets (continued)

future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in profit and loss and classified as an impairment expense.

Financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If the impairment is later recovered, the recovery is credited to profit and loss and classified as finance income.

Financial assets - derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset. A transfer is considered to have occurred if the Company transfers the contractual rights of the cash flows, or if it retains the rights to the contractual cash flows, but assumes an obligation to pay these cash flows to another recipient. If it is determined that the Company has transferred a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the Company will derecognize it. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the Company will continue to recognize the asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities - classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. The Company has classified non-voting preferred shares retractable at the option of the holder as liabilities.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified its financial liabilities as follows:

Class A shares

Other financial liabilities

Equity

Capital stock is recorded at the value of the shares issued. Costs directly related to the issuance of shares are reported as a reduction from equity, net of tax effects.

Dividends are included under liabilities in the period in which the dividend is declared and approved by the Board of Directors, until they are paid by the Company.

Class A shares

Class A shares, which are retractable and redeemable, are initially recorded at fair value, net of any costs that are directly related to the issuance of the shares. International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39"), requires the preferred shares to be recorded at the retraction price. The shares are subsequently measured and recorded at the retraction price. The retraction price is calculated using the net asset value ("NAV"). The dividends on these preferred shares and any retraction gains or losses are recognized in profit or loss.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

3. Significant accounting policies (continued)

Dividends

Dividends paid on preferred shares are accounted for as an expense of the Company and comprise the interest earned less all expenses of the Company.

4. Future accounting changes

IFRS 9, Financial Instruments

IFRS 9, "Financial Instruments" ("IFRS 9"), issued by the IASB on November 12, 2009 and subsequently revised in July 2014, will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard outlines the criteria used to determine whether debt instruments are measured at amortized cost, fair value or at fair value through OCI. The new standard also requires an expected credit loss model for impairment of financial assets to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of IFRS 9 on its Financial Statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), issued by the IASB in May, 2014, will replace IAS 18 "Revenue" ("IAS 18"). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It sets out the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. A five step approach to recognizing revenue is prescribed by IFRS 15 and focusses on control of the goods or services being transferred to the customer. Enhanced disclosure requirements are also required by the new standard. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company has not yet determined the impact of IFRS 15 on its Financial Statements.

5. Critical accounting judgments and key source of estimation uncertainty

In the application of the Company's significant accounting policies, which are described in Note 3, the Company will be required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the process of applying the Company's accounting policies, the directors have made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements.

Critical judgments in applying accounting policies

Financial instruments

The Company's accounting policies relating to financial instruments are included in Note 9. The critical judgments inherent in these policies relate to applying the criteria set out in IAS 39 to designate financial instruments as either FVTPL, loans and receivables, or other financial liabilities. The measure of each financial instrument is based on their classification.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

5. Critical accounting judgments and key source of estimation uncertainty (continued)

Critical accounting estimates and assumptions

These are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management has not had to make any estimates or assumptions at this point in time.

6. Cash

For the purposes of the statement of cash flows, cash includes cash on deposit and cash held-in-trust. Cash at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	December 31, 2016
	\$
Operating deposit bank account	524
Cash held in trust (Note 10)	115,336
	<u>115,860</u>

7. Capital stock

Authorized, unlimited number

Voting shares redeemable

Issued

	December 31, 2016
	\$
1,000 voting shares	<u>10</u>

Voting shares are fully paid, without a par value and carry one vote per share and redeemable at the option of the Company.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

8. Class A shares

Authorized, unlimited number

Class A shares, non-voting, purchasable for cancellation, retractable and redeemable

Class B shares, non-voting, purchasable for cancellation, retractable and redeemable

Class C shares, non-voting, purchasable for cancellation, retractable and redeemable

Class F shares, non-voting, purchasable for cancellation, retractable and redeemable

Class I shares, non-voting, purchasable for cancellation, retractable and redeemable

Issued

December 31,

2016

\$

11,702 Class A shares

115,850

Class A, B, C, F, and I shares are not entitled to vote. The Class A, B, C, F, and I shares are entitled to receive distributions. Any distribution declared on the respective class of shares will be payable out of that class of shares pro rata portion of the funds available with respect to all classes of shares. Class A, B, C, F and I shares can be purchased for cancellation or redeemable, at the option of the Company. Class A, B, C, F and I shares are retractable at the option of the holder.

In the event of a liquidation, dissolution or winding up or distribution of assets of the Company, pari passu with the voting shares, the holders of i) the Class A shares shall be entitled to receive from the assets of the Company for each Class A share an amount, in cash or property, equal to the NAV per Class A share, ii) the Class B shares shall be entitled to receive from the assets of the Company for each Class B share an amount, in cash or property, equal to the NAV per Class B share, iii) the Class C shares shall be entitled to receive from the assets of the Company for each Class C share an amount, in cash or property, equal to the NAV per Class C share, iv) the Class F shares shall be entitled to receive from the assets of the Company for each Class F share an amount, in cash or property, equal to the NAV per Class F share, and v) the Class I shares shall be entitled to receive from the assets of the Company for each Class I share an amount, in cash or property, equal to the NAV per Class I share. The Class A shares shall rank equally with each other and the Voting Shares, but in priority to any shares ranking junior to the Class A shares.

Cancellation rights

The Company may at any time purchase shares for cancellation at a price per share not exceeding the NAV per share of that class of share on the business day immediately prior to such purchase.

Redemption rights

The Company may redeem at any time and from time to time in its sole discretion, by providing written redemption notice to the holder, any outstanding class of shares on payment in cash for each share of an amount not less than the NAV per share, calculated as at the end of the business day immediately preceding the redemption date.

Retraction provisions

Each holder of shares shall be entitled to present and surrender for retraction at any time during a quarterly retraction notice period, in respect of all or any part of shares registered. Each retracting shareholder who elects to present a retraction request to the Company for retracting shares must deliver a valid retraction request in the form specified by the Company, to such place or places in Canada as shall be specified by the Company from time to time. The retracting shareholder must surrender the original share certificates issued, if any, for the retracting shares. Retracting shareholders whose

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

8. Class A shares (continued)

retracting shares are surrendered for retraction will be entitled to receive a retraction price per retraction share equal to the amount of the applicable NAV per share calculated as of the last business day of the month immediately preceding the applicable retraction date, less the early retraction charges if applicable. Payment of the proceeds of retraction will be made on or before the last business day of the month following the retraction date.

For any retraction date of the Company, the Company will not accept for retraction retracting shares representing more than 3% of the aggregate shares of each class outstanding on the first day of the applicable retraction notice period (the "Quarterly Limit"). In the event that the number of retracting shares tendered for retraction in respect of a retraction date exceeds the Quarterly Limit, unless such limits are waived by the Board of Directors pursuant to the articles of the Company, the Company shall retract the Quarterly Limit for the applicable retraction date on a pro rata basis. Pro rata calculations shall be rounded up to the next whole share amount as no fractional shares are permitted. Retracting shareholders who have submitted retracting shares to be tendered for retraction that exceed the Quarterly Limit ("Excess Quarterly Retracting Shares") do not need to re-submit a retraction request for the Excess Quarterly Retracting Shares for any subsequent retraction notice periods until the annual limit is reached for a given retraction date. Subject to the annual limit set forth in the articles of the Company, Excess Quarterly Retracting Shares will automatically be included in the next retraction date, and will be subject to the provisions set forth in the articles of the Company.

During any given calendar year of the Company, the Company will also not accept for retraction on any retraction date within such calendar year of the Company, retracting shares representing more than 12% of the aggregate shares of each class outstanding on January 1st of such calendar year (the "Annual Limit"). The Company will not accept further retraction requests for the balance of the calendar year once the Annual Limit has been reached. In the event that the number of retracting shares tendered for retraction in respect of a retraction date exceeds the Annual Limit ("Excess Annual Retracting Shares"), unless such limits are waived by the Board of Directors pursuant to the articles of the Company, the Company shall retract the Annual Limit on a pro rata basis. The pro rata amount will be paid over the remaining retraction dates in the calendar year and will be subject to the Quarterly Limit as set forth in the articles of the Company. Pro rata calculations shall be rounded up to the next whole share amount as no fractional shares are permitted. Any retracting shareholder holding Excess Annual Retracted Shares not retracted or paid in the calendar year will require a new retraction request to be submitted during the Company's next calendar year, and the new retraction request will be subject to the provisions set forth in the articles of the Company. The Company or Carecana shall notify shareholders via Carecana's website once the Annual Limit in respect of a given calendar year of the Company is reached.

NAV

The NAV of the Company at any time means the aggregate value of all assets of the Company less the value of all liabilities of the Company at such time (including any accrual of any performance fee provided for in the management agreement); provided that, for the purposes only of calculating the NAV, the liabilities will be reduced by the stated capital of any shares to the extent that such stated capital is included in the value of liabilities of the Company.

9. Financial instruments and risk management

Financial instruments

Fair value of financial instruments

In determining the fair value of financial instruments, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect market-driven or market-based information obtained from independent sources, while unobservable inputs reflect the Company's estimate about market data. Based on the observability of significant inputs used, the Company classifies its fair value measurements in accordance with a three-level hierarchy. This hierarchy is based on the quality and reliability of the information used to determine fair value.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

9. Financial instruments and risk management (continued)

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities. Since the valuations are based on quoted prices that are readily available in an active market, they do not entail a significant degree of judgment.

Level 2: Valuations are based on observable inputs other than quoted prices.

Level 3: Valuations are based on at least one unobservable input that is supported by little or no market activity and is significant to the fair value measurement.

In assigning the appropriate levels, the Company performs a detailed analysis of the financial assets and liabilities. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. The level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Therefore, an item may be classified in Level 3 even though there may be other significant inputs that are readily observable.

The carrying value of cash approximates its fair value due to its short-term nature and its fair value has been categorized as Level 1.

The carrying values of Class A shares are measured and recorded at the retraction price which approximates their fair values.

There were \$Nil transfers (2015 – N/A) into or out of Level 3 of the fair value hierarchy during the year.

A reconciliation of preferred shares at December 31, 2016 is as follows:

	2016
Class A shares, June 28, 2016	-
Issuance of Class A shares	115,850
Retraction of Class A shares	-
Class A shares, December 31, 2016	115,850

Risk management

The Company holds various financial instruments and its activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

i) Credit risk

The Company's principal financial asset is cash, the carrying amount of which represents the Company's exposure to credit risk in relation to financial assets.

In order to reduce its risk, the Company has adopted investment restrictions that it will not:

- a) make any investment or conduct any activity that would result in the Company failing to qualify as a mortgage investment corporation within the meaning of the Tax Act;
- b) invest in securities other than mortgages, mortgage related investments and authorized interim investments;
- c) guarantee securities or obligations of any person or Company;
- d) borrow amounts greater than 30% of its total assets;
- e) engage in securities lending;
- f) engage in derivative transactions for any purpose, other than derivative transactions to hedge interest rate risk and not for speculative purposes; or
- g) invest in asset-backed commercial paper or in securitized pools of sub-prime mortgages.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

9. Financial instruments and risk management (continued)

Risk management (continued)

i) Credit risk (continued)

The Company assesses the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Mortgages receivable are fully secured by a charge against the underlying assets. Mortgages receivable have a high credit quality as the Company only invests in mortgage receivables with counterparties that have been independently reviewed by CCI and are considered to be in good credit standings and have the ability to make both principal and interest payments as required. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The credit risk on cash on deposit is with Canadian chartered banks with high credit ratings assigned by Moody's and Standard and Poor's.

The carrying amount of financial assets represents the maximum credit exposure, and therefore the credit risk at the reporting date was as follows:

	December 31, 2016
	\$
Cash	115,860

Although the Company seeks to manage its credit risk exposure, there can be no assurance that the Company will be successful in eliminating the potential adverse impact of such risks.

ii) Liquidity risk

The Ultimate responsibility for liquidity risk management rests with management which has established an appropriate liquidity risk management for the management of the Company's short, medium, and long-term funding and liquidity management requirements. The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The Company had the following financial liabilities at the reporting date:

			2016	
	Carrying value	Current	Due between 61 to 365 days	Due greater than 365 days
	\$	\$	\$	\$
Class A shares (Note 8)	115,850	-	-	115,850
	115,850	-	-	115,850

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

10. Income taxes

Deferred income tax reflects the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	2016
	\$
Deferred income tax asset	
Non-capital loss carry-forwards	1,170
Tax rate	27.00%
	316

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and during the loss carry-forward periods. Management considers the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. Due to future expected operating results, management has determined that it is probable that the recorded deferred income tax assets will be realized. The Company has tax loss carry-forwards of \$1,170 which expire by 2036.

11. Related party transactions

The Company is established to invest in mortgages originated, structured and advanced by CCI under an agreement with CCI. The entities are related by virtue of common shareholders. Under this agreement, CCI receives a mortgage administration fee of 0.15% per annum, plus applicable taxes, of the gross outstanding aggregate principal balance of all mortgages in the mortgage portfolio, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month.

The Company has appointed Carecana as its sole and exclusive investment fund manager and restricted portfolio manager pursuant to a management agreement. The entities are related by virtue of common management and shareholders. Under this agreement, Carecana receives a management fee of 1.35% per annum, plus applicable taxes, of the gross assets of the Company attributable to the Class A shares, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month. Also, Carecana receives a performance fee equal to 20% of the amount by which the net return for that year of the Class A shares exceeds the product of (a) the average month-end NAVs during such year, and (b) the average of the two-year Government of Canada bond yield on the last day of each calendar month during the year plus 400 basis points. The performance fee is payable within 30 days following the end of each fiscal year and shall be prorated for any partial years.

The Company has appointed CVC Market Point Inc. as its agent to sell the shares under the offering memorandum. The entities are related through common shareholders. In return for the agent's services, the Company has agreed to pay the agent a commission of up to 1.0% of the gross proceeds of each share sold through the agent. The commission is payable only on completed sales and will be paid to the agent within three weeks following the closing date of each sale.

Carecana Settlement Corp., a Company related through common shareholders, holds the funds in trust for interest earned from mortgage investments, interest paid to investors throughout the period and idle funds available for investment. Any amounts receivable or payable at period-end remain in trust. Advances and repayments are made to and from Carecana Settlement Corp. throughout the period at the request of the Company.

Valmor Mortgage Investment Corporation

Notes to the financial statements

December 31, 2016

(In Canadian dollars)

11. Related party transactions (continued)

During the year, the Company entered into the following transactions with related companies:

	Expenses
	2016
	\$
Agency Fee	
CVC Market Point Inc.	1,170
	<u>1,170</u>

Agency fees are recorded as share issuance costs, reducing the amount of share capital.

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company has no key management personnel compensation to report. No directors or officers are compensated by the Company nor through Carecana as the manager.

12. Capital disclosures

The Company defines capital as Class A shares and capital stock as recognized in the financial statements. The Company's management of capital is to safeguard the Company's ability to continue as a going concern in order to provide shareholders with sustainable income while preserving capital for distribution or reinvestment by investing in mortgages receivable commensurately with the Company's investment policies.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

ITEM 13: DATE AND CERTIFICATE

DATED this 28th day of April, 2017

This Offering Memorandum does not contain a misrepresentation.

Valmor™ Mortgage Investment Corporation

“Jesse Michael Helfer”

Jesse Michael Helfer
President and Director (and acting in the capacity
of Chief Executive Officer)

“Roy Goddard”

Roy Goddard
Director

“Shauna Campbell”

Shauna Campbell
Director (and acting in the capacity of Chief
Financial Officer)

**Carecana™ Management Corp.
(in its capacity as promoter)**

“Jesse Michael Helfer”

Jesse Michael Helfer
Director

“Roy Goddard”

Roy Goddard
President and Director

“Shauna Campbell”

Shauna Campbell
Chief Financial Officer