

FORM 45-106F2
OFFERING MEMORANDUM

Date: February 10, 2025

The Issuer:

Name: **PRIMERATE MORTGAGE INVESTMENT CORPORATION**
(the "Issuer")

Address: 200 – 889 Harbourside Drive North
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Website: <https://primeratefunds.com/>

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

Reporting issuer? No. The Issuer is not a reporting issuer under applicable securities laws.

SEDAR+ filer? No. The Issuer does not make any filings on SEDAR+.

The Offering

Securities offered: Class B shares in the capital of the Issuer ("**Class B Shares**")

Price per security: \$1.00 per Class B Share

Minimum Offering \$1,000,000 (1,000,000 Class B Shares)

Maximum Offering \$20,000,000 (20,000,000 Class B Shares)

Minimum subscription amount: \$25,000 (25,000 Class B Shares)

Payment terms: In order to subscribe for Class B Shares an investor must enter into a subscription agreement (the "**Subscription Agreement**"). Payment for the Class B Shares must be made at the same time in the form of cash, cheque or bank draft in the full amount of the purchase price of the Class B Shares being subscribed for.

Proposed closing date(s): **This is a continuous Offering.** Closing dates will be determined from time to time by the Issuer, as subscriptions are received.

Income tax consequences: There are important tax consequences to these securities. See Item 8.

Insufficient Funds

Funds available under the Offering may not be sufficient to accomplish our proposed objectives. See Item 2.6 and Item 9.

Compensation Paid to Sellers and Finders

A person has received or will receive compensation for the sale of securities under this Offering. See Item 9.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 12.

Certain Dividends or Distributions

The Issuer has paid dividends or distributions that exceeded cash flow from operations. See Item 7.

Conditions on Repurchases

You will have a right to require the Issuer to repurchase its securities from you, but this right is qualified by, among other things, certain reductions in price depending on the redemption date and the net book value of the Issuer, restrictions on the Issuer's ability to redeem your securities in order to maintain its status as a mortgage investment corporation and to pay its liabilities as they become due, a processing fee that may be charged by the Issuer in any amount set by the Issuer, and restrictions on the aggregate amount of redemptions that may be completed by the Issuer in any period both in the aggregate and with any one holder. As a result, you might not receive the amount of proceeds that you want or at the times you want. See Item 5.1.

Purchasers' Rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement. See Item 13.

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

You should thoroughly review this Offering Memorandum and are advised to consult with your own legal and tax advisors concerning this investment.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the securities offered hereby.

The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum and provided by the Issuer in writing and no other information or representation is authorized or may be relied upon as having been authorized by the Issuer. Any subscription for the securities 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 securities 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 Issuer since the date of the sale to you of the securities offered hereby or that the information contained herein is correct as of any time subsequent to that date.

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GENERAL:

CURRENCY

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

INTERPRETATION

Words importing the singular number only include the plural and *vice versa*, and words importing the masculine, feminine or neuter gender include the other genders. "Issuer", "we" or "us" shall at all times refer to the Issuer.

FORWARD LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements with respect to the Issuer, including, among other things, business operations, strategy and condition. These statements generally can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", or the negative thereof, or similar variations. In particular and without limitation, this Offering Memorandum contains forward-looking statements regarding the Issuer concerning: amounts that may be raised under the Offering, the expected use of proceeds, the intended mortgage portfolios and investments, short-term and long-term objectives, and operational activities in general.

Although the management of the Issuer believes that the expectations reflected in such forward-looking statements are reasonable and represent the Issuer's expectations and beliefs at this time, such statements involve known and unknown risks and uncertainties which may cause the Issuer's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual results or events to differ materially from those anticipated in such forward-looking statements. For example, the forward-looking statements in this Offering Memorandum are based on a number of assumptions about various factors including but not limited to: the Issuer's ability to raise capital, the Issuer's ability to make loans capable of generating enough income to achieve investment objectives, the Issuer's ability to adjust the mix of mortgages in its portfolio in response to changes in market conditions, interest rate movements, anticipated costs and expenses, competition, changes in applicable laws (including tax laws), and general economic and market factors including interest rates, business competition, and changes in government regulations or in tax laws. The Issuer's assumptions may prove to be incorrect or inaccurate, which may cause the Issuer's performance to be materially different from the performance expressed or implied by forward-looking statements.

Accordingly, you are cautioned not to place undue reliance on forward-looking statements in this Offering Memorandum. The factors identified above are not intended to represent a complete list of the factors that could affect the Issuer. Additional factors are noted under Item 10 – Risk Factors. Although the Issuer believes that the expectations reflected in the forward-looking statements are reasonable, the Issuer cannot guarantee future results, levels of activity, performance or achievements. The forward-looking statements contained herein are made as of the date of this Offering Memorandum and except as required by law, the Issuer disclaims any intention or obligation to update or revise any forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

Any documents of the type referred to in National Instrument 45-106 – Prospectus Exemptions to be incorporated by reference in an Offering Memorandum, including any marketing materials that are effective after the date of this Offering Memorandum and before the termination of the Offering, are deemed to be incorporated by reference in this Offering Memorandum. Copies of the documents incorporated herein by

reference may be obtained on request without charge from the Issuer at its registered office at 2600 – 1066 West Hastings Street, Vancouver, BC, V6E 3X1.

Any statement contained in this Offering Memorandum or in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded is not deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

Information contained or otherwise accessed through the Issuer's website or any website does not form part of this Offering Memorandum or the Offering.

Item 1 - Use of Available Funds

1.1 Funds

The funds available as a result of this Offering would be as follows:

		Assuming min. Offering	Assuming max. Offering
A	Amount to be raised by this Offering	\$1,000,000	\$20,000,000
B	Selling commissions and fees ⁽¹⁾	\$20,000	\$40,000
C	Estimated Offering costs (including legal, accounting, audit, etc.)	\$80,000	\$100,000
D	Net Proceeds: D=A-(B+C)	\$900,000	\$19,860,000
E	Additional sources of funding required	Nil	Nil
F	Working capital deficiency ⁽²⁾	Nil	Nil
G	Total: G = (D + E) – F	\$900,000	\$19,860,000

Notes:

- (1) The Issuer may pay sales fees to exempt market dealers, or where permissible under applicable laws, non-registrants, in connection with the Offering. See Item 2.7.3 and Item 9.
- (2) The Issuer does not have, as at the date of this Offering Memorandum, nor does it expect to have during the course of the Offering, a material working capital deficiency.

1.2 Use of Available Funds

We will use the available funds of this Offering as follows:

Description of Intended Use of Net Proceeds	Assuming min. Offering	Assuming max. Offering
We will use the available funds to provide loans secured by mortgages and other permitted investments, which follow our " Investment Guidelines " set out in Item 2.2(d), below.	\$856,000	\$19,436,000
Operating Expenses ⁽¹⁾	\$44,000	\$424,000
Total: Equal to G in the Funds table above	\$900,000	\$19,860,000

Note:

- (1) These costs include costs of conducting the Offering, selling commissions and fees (each as discussed in Item 1.1 above), as well as fees payable to the Administrator (defined herein) as described in Item 2.7.1, below. The Administrator, PrimeRate Management Company Ltd., is a company incorporated in British Columbia, and its directors, Pourang Taheri and Behzad Zakeri, (the "**Directors**"), are also the directors of the Issuer and the Administrator is therefore a related party to the Issuer. Based on the maximum Offering of \$20,000,000, the fee charged by the Administrator would be \$400,000.

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

As of the date of this Offering Memorandum, there is no working capital deficiency.

Item 2 - Business of the Issuer and Other Information and Transactions

2.1 Structure

The Issuer is a corporation that was incorporated under the *Business Corporations Act* (British Columbia) on July 12, 2023. The registered and records offices of the Issuer is located at 2600 – 1066 West Hastings Street, Vancouver, BC, V6E 3X1. The head office of the Issuer is located at 200 – 889 Harbourside Drive, North Vancouver, British Columbia V7P 3S1 Canada. The Issuer is registered under the *Mortgage Brokers Act* (British Columbia) (the "**Mortgage Brokers Act**") and, if required, will register under equivalent legislation of any jurisdiction in which the Issuer carries on business in the future.

2.2 Our Business

(a) *Principal Services*

We carry on the business of a “mortgage investment corporation” or “**MIC**” under the *Income Tax Act* (Canada) (the “**Tax Act**”).

Our business is to make a diversified range of predominantly residential and other loans secured by first and second mortgages, and a very small number of third mortgages, on real estate properties located primarily in British Columbia while maintaining our qualification as a MIC under the Tax Act. On occasion, however, we may make loans secured by real estate in other provinces in circumstances where we determine that we will receive adequate security.

The mortgages are expected to be funded primarily by a combination of share capital and debt, as available to us. We expect to earn most of our income from the interest paid on these mortgages. The balance of our income is earned from lender fees, renewal fees, discharge fees, short term rental of properties we acquire from foreclosures under mortgages held by us and capital gains when such properties are sold.

(b) *Taxation of MICs*

The Tax Act provides that MICs do not have to pay income tax on their net income and net realized capital gains if they annually distribute such net income and the taxable portion of realized capital gains (that is, the “**taxable capital gains**”) to the MIC’s shareholders. Therefore, to receive this favourable tax treatment, we intend to annually pay out all of our net income and capital gains. The annual distribution will be paid to each holder of Class B Shares (each, a “**Class B Shareholder**”) within 90 days of our financial year end in cash or, at the election of each Class B Shareholder, by the issuance of additional Class B Shares. These distributions are taxed in the hands of the Class B Shareholders as described in Item 8.

(c) *Market, Marketing Plans and Strategies*

Our business objective is to develop a stable source of income from a portfolio of loans to homeowners, builders and developers secured by mortgages on their residential commercial and industrial real estate in Canada. We primarily hold first and second mortgages with a principal amount which, when added to the principal amount of prior mortgages, is not more than 75% of the appraised value of the property against which the mortgages are secured. Most of the mortgages will secure loans made by us.

Currently, we conduct our mortgage lending business only in British Columbia. Accordingly, we are registered as a mortgage broker in British Columbia. The Office of the Registrar of Mortgage Brokers at the British Columbia Financial Institutions Commission regulates the mortgage brokering and lending activities of MICs under the Mortgage Brokers Act. The Registrar and the Mortgage Brokers Act do not regulate the capital raising and investment marketing activities of MICs, which are subject to securities legislation and regulation. We may extend our lending into other provinces and, if we do, we will obtain such authorizations under applicable corporate and mortgage legislation in order to carry on business as a MIC in such provinces.

The Issuer’s directors and officers are collectively responsible for establishing and implementing the Issuer’s investment objectives and investment strategy, setting any limitations or restrictions on investments, monitoring the performance of the portfolio, and making any adjustments to the Issuer’s portfolio. For a list of the Issuer’s directors and officers, and more information about them, please see Item 3.2.

(d) *Operations and Investment Guidelines*

As of the date of this Offering Memorandum, the Issuer currently has 21 mortgages outstanding.

We intend to obtain mortgages for our portfolio as follows:

- Direct Origination – Through direct negotiations with borrowers such as home purchasers, homeowners, homebuilders and industrial and commercial owners, developers and real estate syndicators.
- Agency Origination – Through qualified market intermediaries who assist in identifying mortgage investment opportunities consistent with our investment policies. These intermediaries will be experienced mortgage brokers or lenders who have demonstrated their ability to supply mortgage loans within the parameters of our lending criteria.

We will primarily invest in (by making loans secured by) residential, commercial and industrial mortgages in accordance with the following investment policies:

- (i) All mortgages will, prior to funding, be registered in our name on the title to the subject property.
- (ii) The largest first mortgage we will fund is \$4 million and the smallest is \$25,000.
- (iii) For a first mortgage, we will not loan more than 75% of the appraised value.
- (iv) Depending on the specific mortgage and the market, we might charge lender fees and the mortgages will be pre-payable without penalty.
- (v) Mortgages will have a term of one year, with a possible one-year renewal.
- (vi) Generally, mortgages will be on properties in established or developing areas in British Columbia, including the Greater Vancouver area, and some Fraser Valley properties.
- (vii) The residence must be owner-occupied or be an investment property, the property cannot exceed two acres in size nor be located in an agricultural land reserve, there must be a minimum of 15 years of economic life left in the residence unless the building is going to be demolished and the property redeveloped, if the property is leasehold, there must be a minimum of 25 years left on the lease, and we will lend on lands that are going to be developed.
- (viii) We will generally only invest in mortgages on properties for which we have reviewed and evaluated an independent appraisal from a suitable, approved appraiser, however, if the loan to value ratio is less than 60% of the assessed value, an appraisal may not be required.
- (ix) If the independent appraisal reports a value for the real property securing the mortgage other than on an "as is" basis, we will advance funds by way of progress payments upon completion of specified stages of construction or development supported by receipt of progress reports, as applicable, or upon completion of other specified milestones.
- (x) We will generally not loan any funds to be secured by a mortgage unless, at the date the funds are initially advanced, the indebtedness secured by such mortgage plus the amount of additional third party indebtedness of the borrower in priority to our loan, if any, does not exceed, on a property by property basis, 75% of the appraised value of the real property securing the mortgage, where the appraised value may be based on stated conditions including, without limitation, completion, rehabilitation or lease-up of improvements located on the real property and which activities we will monitor on an ongoing basis.
- (xi) Commercial first mortgages will be made on similar terms as set out above provided the property does not have any environmental concerns. The loan to appraised value ratio is also 75%.

- (xii) For second mortgages, we will loan up to 75% of the appraised value, and the maximum mortgage amount is \$4 million.
- (xiii) To the extent that, from time to time, our funds are not invested in mortgages or other permitted investments as allowed in the Tax Act's MIC criteria, they will be held in cash deposited with a Canadian chartered bank or trust company or in short term deposits, savings accounts or government guaranteed income certificates or treasury bills, so as to maintain a level of working capital for our ongoing operations we consider acceptable.
- (xiv) We will not make any investment, or allow any mix of investments, that would result in our failing to qualify as a MIC pursuant to the Tax Act.

(e) *Leveraging through Borrowing*

Under the Tax Act, our borrowing is restricted to a maximum of three times our equity capital unless at least two-thirds of the book value of our investments are mortgages secured on Canadian residential property, money, and specified deposits, in which case our maximum borrowing is five times our equity capital.

We believe that this leverage opportunity is important in terms of our dividend performance, and we intend to maximize our leverage opportunity under the Tax Act. We will do so by borrowing funds whenever possible and if it is economical and prudent to do so. These borrowings may take the form of lines of credit from banks and other lending institutions and promissory notes and other types of debt contracts with individuals and companies. It is probable that debt instruments will form part of a floating charge against our assets and equity, and in the event of liquidation or wind-up, will rank in priority to our outstanding shares, including the Class B Shares.

(f) *Competitors*

The investment industry in which the Issuer operates is subject to a wide variety of competition. Mortgages may be lent by chartered banks, credit unions as well as specialized lending entities such as MICs or other speciality lenders. Many of the Issuer's competitors have significantly greater financial resources than us.

(g) *Administrator*

On June 1, 2024, the Issuer entered into a mortgage administration agreement (the "**MAA**"), as amended and restated, with PrimeRate Management Company Ltd. (the "**Administrator**") to advise the Issuer and to manage its operations and investments. The Administrator is incorporated under the laws of British Columbia and is a registered mortgage broker pursuant to the Mortgage Brokers Act with significant experience in the real estate industry.

The Administrator is principally owned as follows: 25% by Arete Management Group Inc. (the shareholders of which are Pourang Taheri, Mehdi Hossein and Arash Asli); 25% by Veramax Management Ltd. (the shareholders of which are Hossein Ghandchi and Hessam Ghandchi); 15% by Westmount Management Inc. (controlled by Behzad Zakeri); 10% by Expandus Investment Corp. (controlled by Pourang Taheri); 10% by Hossein Yazdi-Mehrizi; 10% by Soheil Arman Kia; and 5% by Veramax Holding Ltd. (the shareholders of which are Hossein Ghandchi and Hessam Ghandchi).

The principal officer of the Administrator is Pourang Taheri as Chief Executive Officer, and the directors of the Administrator are Pourang Taheri and Behzad Zakeri. For more information about the Administrator's directors and officers, see Item 3.2.

The Administrator is principally responsible for administration of the Issuer's mortgage portfolio in accordance with applicable laws and the policies of the Issuer, including:

- managing and exercising the powers and remedies available to the Issuer in relation to the mortgages granted by the Issuer;

- negotiating, preparing, registering and executing upon the credit documents in respect of the mortgages granted by the Issuer;
- collecting the requisite payments from each mortgagee in respect of the mortgages granted by the Issuer;
- protecting the interests of the Issuer under each mortgage granted by the Issuer; and
- reporting its activities to the Issuer, making itself available for regular meetings with the Issuer, and preparing reports to the Issuer.

Pursuant to the terms of the MAA, the Issuer shall pay the Administrator an administration fee to be determined in respect of each mortgage obtained by the Issuer where such a fee is payable pursuant to the credit documents entered into in respect of each such mortgage of the Issuer. Pursuant to the MAA, the Administrator has agreed to waive the administration fee payable to the Administrator by the Issuer for the period ending June 30, 2024.

Additionally, pursuant to the MAA, the Issuer has agreed to indemnify the Administrator from and against any and all verifiable liabilities, obligations (whether direct or indirect), losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements of any nature or kind whatsoever which may be imposed on, incurred by, or asserted against the Administrator in its capacity as administrator under the MAA, and any action taken or omitted by the Administrator which in any way relates to or arises out of the credit documents entered into in respect of the mortgages of the Issuer or the MAA, provided that the Issuer shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements which result from the Administrator's gross negligence or willful misconduct.

The terms of the MAA commenced on the date of execution thereof and will continue until terminated by the Administrator or the Issuer. Either of the Administrator or the Issuer may terminate the MAA without cause upon 90 days' written notice to the other party. Either party may terminate the MAA for cause immediately without notice or pay in lieu of notice, with cause under the MAA including a material breach of the terms of the MAA where such material breach is not capable of cure or is not cured within five business days' notice of such breach from the other party. Upon termination, the Issuer shall pay the Administrator for any outstanding fees payable up to the effective date of such termination. In the event the MAA is terminated without cause, the Administrator shall take reasonable steps to assist the Issuer in finding a replacement licensed mortgage administrator and, for a period of up to one month following the appointment of the replacement administrator, take reasonable steps to facilitate the transition of responsibilities from the Administrator to such replacement administrator. If such services are required, the Issuer shall reimburse the Administrator for all costs and expenses incurred in such administration period.

Pursuant to the MAA, upon receipt of payment by the Administrator in accordance with the credit documents in respect of the mortgages, the Administrator shall deduct all administration fees, costs, expenses and other amounts deductible and/or payable to the Administrator pursuant to the MAA prior to remitting the balance (if any) to the Issuer. The Administrator shall, upon request by the Issuer, deliver a statement detailing any such deductions or payments.

2.3 Development of the Business

The Issuer was incorporated on July 12, 2023.

On June 1, 2024, to provide for the management of our business, we entered into the MAA with the Administrator. See Item 2.2(g).

In our most recent financial year ended June 30, 2024, we had revenue of \$190,362 and expenses of \$45,632 resulting in net income of \$144,730. In our most recent interim period, being the three months ended September 30, 2024, we had revenue of \$362,471 and expenses of \$127,664 resulting in net income

of \$234,807. From incorporation to our financial year end of June 30, 2024, we have completed a number of private placements, raising an aggregate of \$7,385,000 through the sale of our Class B Shares at a price of \$1.00 per Class B Shares. See Item 4.3. In the three months ended September 30, 2024, we completed a number of private placements, raising an aggregate of \$4,425,000 through the sale of our Class B Shares at a price of \$1.00 per Class B Shares. During our most recent financial year ended June 30, 2024, we distributed to our Class B Shareholders a total of \$148,331, including \$131,974 paid via the issuance of additional Class B Shares (at \$1.00 per share).

In our most recent interim period ended September 30, 2024, we distributed to our Class B Shareholders a total of \$262,027, including \$120,661 paid via the issuance of additional Class B Shares (at \$1.00 per share).

As at June 30, 2024, we had mortgages receivable of \$5,208,295 and were paying interest at rates ranging from 9.45% to 12.95% per year, with a weighted average interest rate of 12.08% per year. As at September 30, 2024, we had mortgages receivable of \$11,920,795 and were paying interest at rates ranging from 9.45% to 13.95% per year, with a weighted average interest rate of 12% per year. The average annual rate of return which our shareholders receive on their investments is determined as at our June 30 financial year end. The effective annual yields on adjusted share capital for our shareholders from our previous financial quarters for the financial year ended June 30, 2024, as well as the three months ended September 30, 2024, is set out in the following table:

September 30, 2023	December 30, 2023	March 31, 2024	June 30, 2024	September 30, 2024
N/A ⁽¹⁾	N/A ⁽¹⁾	10.5970%	10.6040%	10.31%

Note:

(1) The first mortgage was granted by us in February 2024.

All of our cash distributions for the financial years shown were, and we expect future distributions to continue to be, funded from our operating activities and funds re-invested through our share re-investment plan. No cash distributions were funded from bank borrowings, share subscriptions from our investors or other sources.

The rates of return indicated above are averages for all of our shareholders and may not reflect the return received by any one investor. There is no guarantee as to the amount of any dividends or distributions that may be made by the Issuer in the future or that the amounts of any dividends or distributions will continue or be at any particular level.

The Issuer intends to continue to raise further funds from private placement financings, lend such funds as a MIC and grow its business in the future.

2.4 Long-Term Objectives

The long term objectives of the Issuer beyond the next 12 months are to expand its business by raising funds by way of Class B Share Offerings, similar to this Offering, and then to lend such funds in return for mortgage security on real property located in Canada. The objective of the lending activities is to provide a sustainable target net return for the Class B Shares which is superior to term deposits, guaranteed investment certificates (GICs) and money market funds.

As the capital pool of the Issuer expands, the Issuer may place longer-term mortgages, or expand into other types of mortgages or those with different terms or geographical locations. There is no guarantee that the Issuer will meet any of its objectives. See Item 10.

2.5 Short Term Objectives and How We Intend to Achieve Them

Our objectives for the next 12 months are to raise capital under this Offering, and then to invest and reinvest our available funds in accordance with our established lending policies. We intend to use a portion of our working capital as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete	
		Minimum Offering	Maximum Offering
Carry out the Offering as described in this Offering Memorandum	12 months	\$80,000	\$100,000
Invest the proceeds of the Offering in compliance with the requirements for MICs under the Tax Act	12 months	\$856,000	\$19,436,000

2.6 Sufficiency of Funds and Revenue Disclosure

Should no additional capital be secured by way of this Offering, our short term objectives will continue with respect to investing and reinvesting available funds in accordance with established lending policies. The Issuer has not generated significant revenue from operations since inception. There is no assurance that (i) any of this Offering will be sold, (ii) the proceeds of the Offering, if any, will be sufficient to accomplish our proposed objectives, or (iii) alternative financing will be available on acceptable terms or at all.

2.7 Material Contracts

2.7.1 MAA

On June 1, 2024, to provide for the management of our business, we entered into the MAA with the Administrator. See Item 2.2(g).

2.7.2 Oral COO Agreement

We rely on the expertise of our Chief Operating Officer, Ms. Maryam Ardashiri, to manage our business. Ms. Ardashiri is a registered mortgage sub-broker with significant experience in the real estate industry. Ms. Ardashiri is appointed the “Designated Individual” of the Issuer, as defined and required in the Mortgage Brokers Act. Ms. Ardashiri has and will continue to provide administrative services required by us in carrying on business as a Mortgage Investment Corporation.

Since January 2024, we have paid Ms. Ardashiri, or a company owned by her, a fee of \$2,000 per month pursuant to an oral agreement between the Issuer and Ms. Ardashiri.

2.7.3 Frontfundr Agency Agreement

On May 31, 2024, FrontFundr Financial Services Inc. (“**FrontFundr**”), an exempt market dealer, entered into an agency agreement with the Issuer (the “**FrontFundr Agreement**”) pursuant to which Frontfundr agreed to assist the Issuer with this Offering by introducing qualified subscribers, in addition to providing services normally provided by an exempt market dealer. FrontFundr was paid an initial non-refundable onboarding fee of \$9,000, plus applicable taxes. Additionally, the Issuer will pay to Frontfundr a trade fee equal to 1.00% of the gross proceeds raised from each subscriber introduced by FrontFundr in respect of this Offering up to a maximum trade fee of \$2,000 per subscriber. The Issuer will also compensate FrontFundr for any additional advisory, processing or other services as agreed with FrontFundr in addition to the trade fees, including (i) \$500 for the drafting of certain closing documents and (ii) \$2,000 for the drafting and filing of each Form 45-106F1 Report of Exempt Distribution.

2.8 Related Party Transactions

The Issuer has not engaged in any purchase and sale transactions with a related party not relating to real property.

Item 3 – Compensation and Security Holdings of Certain Parties

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Issuer and each person who directly or indirectly owns or controls 10% or more of any class of voting securities of the Issuer (a “Principal Holder”):

Name and municipality of principal residence	Position held and the date of obtaining that position	Compensation paid by us in the most recently completed financial year (and the compensation anticipated to be paid in the current financial year)	Number, Type and percentage of securities of the Issuer held after completion of minimum Offering	Number, Type and percentage of securities of the Issuer held after completion of maximum Offering
Pourang Taheri North Vancouver, BC	Director (July 12, 2023), Chief Executive Officer (September 11, 2023), Promoter	Nil ⁽¹⁾	100 Class A Shares representing 25% of the Class A Shares issued	100 Class A Shares representing 25% of the Class A Shares issued
Behzad Zakeri North Vancouver, BC	Director (July 12, 2023), Chief Financial Officer (August 19, 2023), Promoter	Nil ⁽¹⁾	100 Class A Shares representing 25% of the Class A Shares issued	100 Class A Shares representing 25% of the Class A Shares issued
Hossein Ghandchi West Vancouver, BC	Promoter	Nil ⁽¹⁾	100 Class A Shares representing 25% of the Class A Shares issued and 156,318 Class B Shares representing 1.13% of the Class B Shares issued	100 Class A Shares representing 25% of the Class A Shares issued and 156,318 Class B Shares representing 0.69% of the Class B Shares issued
Maryam Ardashiri North Vancouver, BC	Chief Operating Officer (September 11, 2023)	\$2,000 per month	Nil	Nil
Hossein Yazdi-Mehrizi North Vancouver, BC	Committee Member (Officer) (August 19, 2024)	Nil	80 Class A Shares representing 20% of the Class A Shares issued	80 Class A Shares representing 20% of the Class A Shares issued
Hessam Ghandchi, West Vancouver, BC	Secretary (August 19, 2024)	Nil	20 Class A Shares representing 5% of the Class A Shares issued	20 Class A Shares representing 5% of the Class A Shares issued

Note:

(1) While each of Mr. Taheri and Mr. Zakeri do not receive any direct compensation from the Issuer, they are directors and officers of the Administrator, which receives certain management fees from the Issuer. See Item 2.2(g).

3.2 Management Experience

The Issuer has retained the Administrator to advise the Issuer and to manage its operations in accordance with the MAA. The name, municipality of residence and principal occupations of the directors and officers of the Administrator and their principal occupations within the preceding five years are as follows:

Name	Principal Occupation and related experience for past 5 years
Pourang Taheri North Vancouver, BC	Chief financial officer (since 2018) of Yocale, an online scheduling and financial technology platform. Managing director (since 2016) of Arete Venture Capital Corporation, a venture capital and private equity company, where he has worked on \$250 million worth of projects in multi-unit real estate development and construction. Co-founder and principal (since 2009) of Dumont & Co. Accounting Ltd., a financial services firm serving over 300 small and medium-sized companies.
Behzad Zakeri North Vancouver, BC	Managing partner, CFO and principal (since 2018) of Dumont & Co. Accounting Ltd., a financial services firm serving over 300 small and medium-sized companies, with over two decades of expertise and extensive accounting, tax, and auditing knowledge. Owner and principal (since 2019) of Westmount Management Inc., an investment and asset management company based in Vancouver.
Maryam Ardashiri North Vancouver, BC	Legal assistant (since 2019) of Silver Law, a law firm based in North Vancouver. Mortgage Broker (since 2012).
Hossein Yazdi-Mehrizy North Vancouver, BC	A distinguished mortgage specialist (since 2018) with over a decade of experience in the Canadian financial sector.
Hessam Ghandchi, West Vancouver, BC	Principal (since 2021) of Veramax Management Ltd., an investment and asset management company based in Vancouver. Co-owner (from 2012 to 2021) of Veramax Holdings Ltd., an investment and asset management company based in Vancouver.

3.3 Penalties or Sanctions

No penalty or sanction or any 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:

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

3.4 Certain Loans

3.5 Interests of Management and Conflicts of Interest

The Issuer and the Administrator have common directors, officers and shareholders. The Issuer and its shareholders are dependent largely upon the experience and good faith of the Administrator.

The directors and officers of the Issuer and/or the Administrator may be or become employed by or act in other capacities for other companies involved in mortgage and lending activities and will continue to be engaged in activities which may put them in conflict with the business strategy of the Issuer and/or the Administrator. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers involving the Issuer are required to be made

in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Issuer. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

As of the date of this Offering Memorandum, no loan or other debt instrument exists that is due to or from any director, management, promoter or Principal Holder of securities of the Issuer.

Item 4 - Capital Structure

4.1 Share Capital

The following table sets out information “about the Issuer’s authorized and outstanding securities. The Issuer does not currently have any outstanding options, warrants or other securities convertible into Class A shares in the Issuer (“**Class A Shares**”) or Class B Shares:

Description of security	Number authorized to be issued	Number outstanding as at the date of this Offering Memorandum	Number outstanding assuming completion of minimum Offering	Number outstanding assuming completion of maximum Offering
Class A Shares	Unlimited	400	400	400
Class B Shares	Unlimited	11,919,409 ⁽¹⁾	12,919,409	31,919,409
	Total:	11,919,809		

Note:

- (1) Subject to variances due to rounding of fractional shares in connection with redemption of certain Class B Shares by the Company as detailed in “*Prior Sales*” below.

The key terms and provisions of the Class A Shares, which are relevant to the Class B Shares, are as follows:

- (a) Voting control resides with the Class A Shares which are excluded from this Offering. Note that there are no voting rights associated with the Class B Shares save and except the circumstances in which the *Business Corporations Act* (British Columbia) provides voting rights to the shareholders of all class of shares in certain circumstances.
- (b) Class A Shares are not entitled to dividends.
- (c) Class A Shares have no redemption rights or retraction rights.
- (d) In the event of liquidation, dissolution or winding up of the Issuer, the Class A Shares participate equally with the Class B Shares, on a pro rata basis, with respect to the remaining amount available for distribution after the payment of all outstanding debts, declared dividends and the paid-up capital amounts of the Class A Shares and Class B Shares.

4.2 Long Term Debt

The Issuer currently has no long-term debt.

4.3 Prior Sales

In the 12 months prior to the date of this Offering Memorandum, the Issuer has issued the following securities (other than as indicated below, no securities were issued for other than cash):

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received (\$)
February 7, 2024	Class B Shares	400,000	\$1.00	400,000

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received (\$)
March 7, 2024	Class B Shares	750,000	\$1.00	750,000
April 1, 2024	Class B Shares ⁽¹⁾	26,117	\$1.00	26,117
April 5, 2024	Class B Shares	350,000	\$1.00	350,000
April 10, 2024	Class B Shares	400,000	\$1.00	400,000
April 22, 2024	Class B Shares	150,000	\$1.00	150,000
April 24, 2024	Class B Shares	200,000	\$1.00	200,000
April 26, 2024	Class B Shares	1,175,000	\$1.00	1,175,000
May 22, 2024	Class B Shares	450,000	\$1.00	450,000
May 28, 2024	Class B Shares	330,000	\$1.00	330,000
June 11, 2024	Class B Shares	210,000	\$1.00	210,000
June 18, 2024	Class B Shares	170,000	\$1.00	170,000
June 20, 2024	Class B Shares	1,800,000	\$1.00	1,800,000
June 26, 2024	Class B Shares	100,000	\$1.00	100,000
June 30, 2024	Class A Shares	100	\$0.001	0.10
July 1, 2024	Class B Shares ⁽¹⁾	105,857	\$1.00	105,857
July 15, 2024	Class B Shares	2,000,000	\$1.00	2,000,000
July 29, 2024	Class B Shares	60,000	\$1.00	60,000
August 13, 2024	Class B Shares	1,000,000	\$1.00	1,000,000
August 23, 2024	Class B Shares	125,000	\$1.00	125,000
August 29, 2024	Class B Shares	300,000	\$1.00	300,000
September 4, 2024	Class B Shares	290,000	\$1.00	290,000
September 12, 2024	Class B Shares	300,000	\$1.00	300,000
September 18, 2024	Class B Shares	50,000	\$1.00	50,000
September 30, 2024	Class B Shares	300,000	\$1.00	300,000
October 1, 2024	Class B Shares ⁽¹⁾	120,661	\$1.00	120,661
October 3, 2024	Class B Shares	100,000	\$1.00	100,000
October 24, 2024	Class B Shares	50,000	\$1.00	50,000
October 28, 2024	Class B Shares	600,000	\$1.00	600,000
November 5, 2024	Class B Shares	200,000	\$1.00	200,000
December 5, 2024	Class B Shares	200,000	\$1.00	200,000
January 01, 2025	Class B Shares ⁽¹⁾	127,238	\$1.00	127,238
January 03, 2025	Class B Shares	100,000	\$1.00	100,000
January 07, 2025	Class B Shares	100,000	\$1.00	100,000
	Total:	12,639,973 ⁽²⁾		

Note:

- (1) These Class B Shares were issued to certain holders of Class B Shares as a dividend on their shareholdings. Dividends were issued for the period ending March 31, 2024, on April 1, 2024, for the period ended June 30, 2024, on July 1, 2024, for the period ended September 30, 2024, on October 1, 2024, and for the period ended December 31, 2024, on January 1, 2025.
- (2) Note that a total of 1,620,464 Class B Shares have been redeemed in the 12 months prior to the date of this Offering Memorandum, comprised of 205,000 Class B Shares repurchased by the Issuer on September 30, 2024, 5,752 Class B Shares repurchased by the Issuer on October 31, 2024, 600,000 Class B Shares repurchased by the Issuer on November 22, 2024, 650,000 Class B Shares repurchased by the Issuer on December 5, 2024, 50,000 Class B Shares repurchased by the Issuer on December 19, 2024, 4,270 Class B Shares repurchased by the Issuer on January 10, 2025, and 105,442 Class B Shares repurchased by the Issuer on January 28, 2025.

Item 5 - Securities Offered

5.1 Terms of Securities

The Issuer is Offering subscriptions of a minimum of 1,000,000 and a maximum of 20,000,000 Class B Shares at a price of \$1.00 per Class B Share for aggregate gross proceeds of \$1,000,000 to \$20,000,000. The Issuer is authorized to issue an unlimited number of Class B Shares.

The rights and restrictions of the Class B Shares are summarized as follows:

5.1.1 Voting Rights

Holders of Class B Shares are not entitled to any voting rights for the election of directors nor for any other purpose and will not be entitled to notice of nor to attend or vote at meetings of the shareholders of the Issuer save and except the circumstances in which the *Business Corporations Act* (British Columbia) provides voting rights to the shareholders of all class of shares in certain circumstances.

5.1.2 Dividend Entitlement

Subject to the *Business Corporations Act* (British Columbia), the Directors may from time to time declare and authorize the payment of dividends to the holders of Class B Shares, in such amounts, in such manner, on such payment and other terms and subject to such conditions as they determine in their sole discretion. Subject to the foregoing, the Issuer intends to declare dividends on a quarterly basis. The Class B Shares are the only class of shares of the Issuer which are entitled to dividends.

If a holder of the Class B Shares has not held such shares for the full earnings period since the last dividend distribution date, then dividends on such shares will be prorated according to the portion of the period that the holder is a holder of such shares.

Subject to such working capital or reserve requirements as the Directors determine is necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Issuer and for the conduct, promotion and protection of the business and activities of the Issuer, its assets and shareholders, for income tax purposes, the Issuer currently intends to distribute, as quarterly dividends, substantially all of its net income. See Section 2.2.

Any holder of Class B Shares may, at least 30 days prior to any dividend payment date, elect to take fully paid Class B Shares in lieu of their dividend entitlement. The said shareholder must notify the Issuer in writing and the Issuer may, in its discretion, elect to, in lieu of paying a cash dividend, pay an equivalent dividend in kind of Class B Shares to the shareholder. If the election would entitle the holder of Class B Shares to fewer than 10 fully paid Class B Shares, the Issuer shall issue script to the shareholder of the additional shares to which the shareholder is entitled and shall forthwith amend the shareholder records at the head office of the Issuer to show the new share entitlement of the holder of the Class B Share.

5.1.3 Redemption Rights

The *Business Corporations Act* (British Columbia) does not permit the Issuer to make any payment to purchase or otherwise acquire Class B Shares issued by it if there are reasonable grounds for believing

that: (a) the Issuer is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Issuer's assets would, after the payment, be less than the aggregate of its liabilities and stated capital of all classes.

Subject to all applicable laws, the Issuer may redeem Class B Shares at any time and from time to time, in its sole discretion, by providing a written redemption notice to a holder of Class B Shares and paying to such holder of the shares to be redeemed an amount equal to: (A) the net book value (NBV) of the Issuer multiplied by a fraction, the numerator of which is the aggregate number of shares to be redeemed and the denominator of which is the aggregate number of shares outstanding in the capital of the Issuer (regardless of class); plus (B) any dividends declared but unpaid on the shares to be redeemed including any dividends declared after notice of the redemption but payable after redemption in which case the amount payable shall be prorated by a fraction, the numerator of which is the number of days before the Class B Shares are redeemed and the denominator of which is the number of days before the dividend is payable (together, the "**Redemption Price**").

The Issuer shall, at least 30 days prior to any redemption taking place, give notice of the redemption to each holder of Class B Shares whose shares are to be redeemed, but accidental failure to give such notice to one or more shareholders shall not affect the validity of such redemption.

The notice of redemption shall specify the date on which the redemption is to take place, the redemption price and, if less than all of the Class B Shares are to be redeemed, the aggregate number thereof to be redeemed and all details concerning the surrender of the Class B Shares to be redeemed and the means and method of payment for the redeemed shares. On or after the date specified for the redemption, the Issuer shall, on presentation and surrender to the Issuer of the certificate or certificates representing the shares to be redeemed, pay or cause to be paid to the registered holder of such shares, the Redemption Price therefor. A share in respect of which the redemption price is paid as provided herein will thereupon be deemed to be redeemed and the certificate representing the shares shall be cancelled. If less than all the shares represented by any such certificate are redeemed then a new certificate for the balance will be issued at the expense of the Issuer. After the date of redemption, the holder of a share to be redeemed will not be entitled to exercise any of the rights of a shareholder in respect thereof unless payment of the Redemption Price is not made on presentation of the certificate therefore, in which case the rights of such holder will remain unaffected. If the holder of a share to be redeemed fails to present and surrender the certificate representing such share within 15 days after the date specified for redemption, the Issuer may deposit the Redemption Price of such share to a special account in any chartered bank or trust company in British Columbia to be paid, without interest, to or to the order of such holder upon presentation to the Issuer of the certificate, and upon the mailing of such deposit every share in respect of which the deposit is made will be deemed to be redeemed and the rights of the holder thereof will be limited to receiving, without interest, the Redemption Price therefore against presentation and surrender of the said certificate. The holder of a Class B Share may by instrument in writing waive notice of redemption of such share. The shares to be redeemed shall be redeemed by the Issuer proportionately amongst the Class B Shareholders and in the event that such proportionate calculation results in the redemption of a fraction of a share the Issuer shall round up or down to the nearest whole number of shares to be redeemed by the Issuer by the aforesaid Class B Shareholders in the Issuer's sole and absolute discretion.

No Class B Share shall be redeemed by the Issuer if there are reasonable grounds for believing that after redemption thereof the Issuer would be unable to pay its liabilities as they become due, or if the realizable value of the Issuer's assets would thereby be less than the aggregate of its liabilities.

5.1.4 Retraction Rights

The *Business Corporations Act* (British Columbia) does not permit the Issuer to make any payment to purchase or redeem Class B Shares issued by it if there are reasonable grounds for believing that: (a) the Issuer is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Issuer's assets would after the payment be less than the aggregate of (i) its liabilities; and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or prior to the holders of the Class B Shares.

Subject to all applicable laws, a holder of Class B Shares may, with respect to any Class B Shares that have been registered in the name of the holder ("**Retractable Shares**"), by giving written notice to the Issuer (the "**Retraction Notice**"), request that the Issuer redeem the whole or any part of the Retractable Shares held by such holder within six (6) months of the date of the Retraction Notice. However, the Issuer shall not be required to redeem the said shares if the redemption of the said shares specified in the Retraction Notice will result in the Issuer not qualifying as a mortgage investment company under the Tax Act or if there are reasonable grounds for believing that after the redemption requested the Issuer would be unable to pay its liabilities as they become due or the realizable value of the Issuer's assets would thereby be less than the aggregate of its liabilities. Prior to the redemption of any Class B Shares, the Issuer shall continue to pay dividends to the Class B Shareholders on the same basis as other Class B Shareholders. If the Issuer is aware that the redemption by the Issuer of the Class B Shares in the Retraction Notice will be reduced or delayed, the Issuer shall within a reasonable time thereafter give written notice to the shareholder who gave the Retraction Notice that only a proportion of their shares will be redeemed or that there will be a delay in redeeming their Class B Shares and stipulating a date that their shares or the remainder of their Class B Shares will be redeemed by the Issuer. Class B Shares to be redeemed shall be redeemed in the order that the Issuer receives Retraction Notices and in the event two or more Retraction Notices are received by the Issuer on the same day, then said notices shall be deemed to have been received simultaneously by the Issuer for the purposes of determining the order of redemption. The amount to be paid by the Issuer for each Class B Share redeemed shall be the amount to be determined in accordance with the rules applicable to such determination for the redemption of shares per the articles of the Issuer.

Notwithstanding any other term, the Issuer shall not be required to redeem or retract: (i) more than ten percent (10%) of its outstanding Class B Shares in any 12 month period; (ii) if any such redemption or retraction will result in the Issuer having a holder of Class B Shares, during the period of time since the start of the most recent fiscal year, owning greater than 25% of the Class B Shares issued and outstanding; and (iii) if any such redemption or retraction will result in the Issuer having less than 20 shareholders.

The Issuer shall be entitled to charge a service and processing fee in an amount which may be set by the Directors from time to time in connection with any redemption or retraction, and which may be deducted by the Issuer against the requisite price to be paid by the Issuer for such shares or waived in respect of any one or more redemptions or retractions at any time in the sole discretion of the Directors.

5.1.5 Restrictions on Redemptions, Retractions and Transfers

Shares of the Issuer may not be transferred without the consent of the Directors. To preserve the Issuer's status as a mortgage investment corporation under the Tax Act, the Directors shall be entitled to refuse to retract, redeem, repurchase or transfer Class B Shares if, subsequent to such retraction, redemption, repurchase or transfer, the Issuer would have less than the qualifying number of shareholders under the Tax Act. Any such refusal to redeem, repurchase or transfer shall continue until the Directors is satisfied that such redemption, repurchase or transfer would not result in the number of shareholders falling below the minimum number of shareholders required under the Tax Act.

5.1.6 Entitlement on Liquidation, Dissolution or Winding Up

In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Issuer or other distribution of property or assets of the Issuer among its shareholders for the purpose of winding-up its affairs, the holders of the Class B Shares shall be entitled to receive any declared but unpaid dividends on such shares, and thereafter the Class A shares and Class B Shares shall be entitled to receive an amount equal to the aggregate amount paid up on the Class A shares and Class B Shares held by them. In the event that there is not sufficient property or assets to return the entire amount paid thereon to all holders, the amount available for distribution shall be distributed to the holders rateably according to a fraction the numerator of which is the amount paid up on the issued shares of the particular class and the denominator of which is the amount paid up on the issued shares of all classes. After the Issuer has made the distribution to the holders of the Class A shares and Class B Shares contemplated above, the holders of the Class A shares and Class B Shares shall be entitled to receive, on a pro rata basis, the remaining amount available for distribution.

5.1.7 Constraints on Transferability

The articles of the Issuer stipulate that no share in the capital of the Issuer may be sold, transferred or otherwise disposed of without the consent of the Directors.

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a MIC, a corporation must have at least twenty shareholders and no one shareholder may be a Specified Shareholder (defined below) of the corporation. A Specified Shareholder, as defined in the Tax Act as modified for the purposes of paragraph 130.1(6)(d) of the Tax Act, would include a taxpayer who, alone or together with any person related to the taxpayer, owns, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the Issuer (a “**Specified Shareholder**”).

The Tax Act states that a trust governed by a registered pension plan or a deferred profit-sharing plan is counted as four shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder is a Specified Shareholder.

While the Class B Shares have redemption and retraction rights as described above, the Directors intend to refuse registration of an allotment or any transfer of shares which would result in the Issuer ceasing to meet the qualifications of a MIC.

As the Issuer is not currently a reporting issuer in the selling jurisdictions or in any other jurisdiction, the Class B Shares are subject to resale restrictions pursuant to applicable securities laws. See Item 12.

5.1.8 No Pre-Emptive Rights

The Class B Shareholders do not have any pre-emptive rights to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Issuer.

5.2 **Subscription Procedure**

The Issuer has retained FrontFundr as a selling agent under this Offering pursuant to the FrontFundr Agreement. In respect thereof, FrontFundr has designated <https://www.frontfundr.com/primarate> as the “**Offering Page**”. Subscriptions under this Offering shall be made pursuant to the instructions provided on the Offering Page.

To invest in Class B Shares through FrontFundr, follow these steps:

1. **Visit FrontFundr’s Website:** Go to www.frontfundr.com/primarate.
2. **Initiate the Investment Process:** Click on the “Invest” button on the Issuer’s page. This will guide you through the steps required to complete and submit the Subscription Agreement and payment for the investment.
3. **Submit payment:** For investing in the Class B Shares on FrontFundr, subscribers can use several payment methods to fund their investments: direct deposit, wire transfer, credit card, e-transfer, or cheque.
4. **Suitability Review:** After submitting the necessary documents, you may be contacted by FrontFundr for a suitability review, which ensures the investment in Class B Shares on FrontFundr aligns with your financial profile.

Subscribers must complete and deliver to the Issuer (via the Offering Page) all purchase and subscription documents, including those described in the table below, in addition to any other certificates, forms, instruments or other documents requested by the Issuer, its agent, or counsel, in order to establish the purchaser’s qualification to utilize the Offering Memorandum exemption to purchase the Class B Shares. **Please carefully review the Subscription Agreement available on FrontFundr’s Website to determine the securities exemption requirements that apply to you for your investment. YOU WILL BE RESTRICTED FROM SELLING YOUR SECURITIES FOR AN INDEFINITE PERIOD.**

Subscription Agreement	All purchasers
Offering Memorandum	All purchasers
Form 45-106F4 <i>Risk Acknowledgment</i>	All purchasers
Schedule 1 (<i>Classification</i>) to Form 45-106F4	Individuals in Alberta, New Brunswick, Nova Scotia, Ontario, Québec or Saskatchewan
Schedule 2 (<i>Investment Limits</i>) to Form 45-106F4	Individuals in Alberta, New Brunswick, Nova Scotia, Ontario, Québec or Saskatchewan
Certificate of Eligible Investor	Individuals in Alberta, New Brunswick, Nova Scotia, Ontario, Québec or Saskatchewan subscribing for \$10,000 or greater (including any investments in any issuer under the Offering Memorandum Exemption in the prior 12 months) OR any purchaser in Manitoba or Yukon subscribing for \$10,000 or greater
Certificate of Accredited Investor	Purchasers relying on their status as an “accredited investor”
Certificate of Family, Friend or Business Associate	Purchasers relying on their relation as a “family member”, “close personal friend” or “close business associate” to a specified person of the Issuer

Closings

Subscription amounts under this Offering shall be held in trust for a minimum of the two day period described in Item 13 – *Purchasers’ Rights*, or as otherwise required under the Offering Memorandum exemption. The Issuer may conduct a closing and subsequent issuance to affect the purchase and sale of Class B Shares to subscribers (a “**Closing**”) under this Offering on any such dates in any number of tranches at its sole discretion, subject to:

1. the Issuer having raised gross proceeds equal to or greater than the minimum Offering as described in Table 1.1 – *Funds* (in aggregate, across Closings);
2. the Issuer having received the aggregate subscription amount from the purchasers;
3. the satisfaction of any applicable escrow provisions;
4. the issue and sale of the Class B Shares being exempt from the requirement to file a “prospectus” (as defined in applicable securities law) relating to the sale of the securities, or the Issuer having received such orders, consents or approvals as may be required to permit such sale without the requirement to file a prospectus; and
5. the Issuer having authorized the issuance of the Class B Shares to the subscribers as may be evidenced only by the signature of the Issuer duly executing the Subscription Agreement.

In the event a subscription is not accepted by the Issuer, either in whole or in part, funds shall be returned without interest to purchasers. The Issuer anticipates that there will be multiple closings. Closings under this Offering Memorandum may occur on any number of days, provided that the last closing takes place no later than June 30, 2025.

At a closing of the Offering, the Issuer will deliver to you certificates representing fully paid and non-assessable Class B Shares, provided the subscription price has been paid in full and all required documents, completed and executed, have been received by the Issuer.

You should carefully review the terms of the Subscription Agreement provided on FrontFundr’s website for more detailed information concerning the rights and obligations of you and the Issuer. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether

executed by you or by an agent on your behalf. You should consult with your own professional advisors respecting this investment. See Item 10.

Item 6 - Repurchase Requests

The Issuer has not received any requests for the repurchase of securities of the Issuer from any shareholders within the two most recently completed financial years or in any period after the end of the most recently completed financial year and up to the date of this Offering Memorandum.

Item 7 – Certain Dividends or Distributions

In the period from incorporation on July 12, 2023, to the financial year ended June 30, 2024, and in the subsequent interim period ended September 30, 2024, the Issuer paid dividends that exceeded the Issuer's cash flow from operations. Such payments that exceeded the Issuer's cash flow from operations were paid from the Issuer's cash on hand, which partially consists of the proceeds of securities issued by the Issuer. See Item 4.3.

Item 8 - Income Tax Consequences and RRSP Eligibility

8.1 Independent Tax Advice

YOU SHOULD CONSULT YOUR OWN PROFESSIONAL ADVISERS TO OBTAIN ADVICE ON THE INCOME TAX CONSEQUENCES THAT APPLY TO YOU.

8.2 Income Tax Consequences

This summary, prepared and provided entirely by the management of the Issuer, is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals (the "**Tax Proposals**") to amend the Tax Act, and the regulations thereunder publicly announced by or on behalf of the *Minister of Finance* (Canada) prior to the date hereof and the current published administrative practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, governmental or judicial action and does not take into account tax legislation or considerations of any province, territory or foreign jurisdiction. In particular, proposed amendments to the Tax Act (referred to herein as the "**Capital Gains Tax Proposals**") would increase the portion of capital gains to be included as taxable capital gains, as set out further below. These proposals will also impact other related tax matters such as capital gains dividends. The Capital Gains Tax Proposals are not yet in effect as the enabling legislation has not yet been passed by Parliament. However, based on a Notice of Ways and Means Motion on September 24, 2024, the Capital Gains Tax Proposals, once passed, would affect the taxation of any capital gains realized on or after June 25, 2024.

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. It is not intended to be and should not be interpreted as legal or tax advice to any particular subscriber. **YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR REGARDING THE INCOME TAX CONSEQUENCES TO YOU OF ACQUIRING, HOLDING AND DISPOSING OF THE CLASS B SHARES INCLUDING THE APPLICATION AND EFFECT OF THE INCOME AND OTHER TAX LAWS OF ANY COUNTRY, PROVINCE, STATE OR LOCAL TAX AUTHORITY THAT ARE APPLICABLE TO YOU.**

This summary is based on the assumption that the Issuer meets certain conditions which are imposed by the Tax Act on the Issuer in order for the Issuer to qualify as a mortgage investment corporation thereunder. These conditions will generally be satisfied if, throughout a taxation year of the Issuer:

- (a) the Issuer was a Canadian corporation as defined in the Tax Act;
- (b) the Issuer's only undertaking was the investing of funds and it did not manage or develop any real property;

- (c) no debts were owed to the Issuer by non-residents unless such debts were secured on real property situated in Canada;
- (d) the Issuer did not own shares of non-resident corporations;
- (e) the Issuer did not hold real property located outside of Canada or any leasehold interest in such property;
- (f) the Issuer did not loan funds where the security for such loans is real property located outside of Canada;
- (g) the cost amount of the Issuer's property represented by mortgages on houses or on property included within a housing project (as those terms are defined in the *National Housing Act*), together with 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 "**Qualifying Property**") was at least 50% of the cost amount to it of all of its property;
- (h) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Issuer) owned by the Issuer did not exceed 25% of the cost amount to it of all of its property;
- (i) the Issuer had at least 20 shareholders (in its first taxation year the Issuer must have at least 20 shareholders on the last day of that year) and no person would have been a Specified Shareholder of the Issuer at any time in the taxation year;
- (j) holders of any preferred shares of the Issuer had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the common shares to participate *pari passu* with the holders of common shares in any further payment of dividends; and
- (k) the Issuer's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, where at any time in the year the cost amount to it of its Qualifying Property is less than 2/3 of the cost amount to it of all of its property, or, where throughout the taxation year the cost amount to it of its Qualifying Property equalled or exceeded 2/3 of the cost amount of all of its property, the Issuer's liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

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

8.2.1 Taxation of the Issuer

The Issuer will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the corporation in computing its income for the preceding year. As a mortgage investment corporation is deemed to be a public corporation, no capital dividends can be paid by the Issuer. However, a mortgage investment corporation may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct a portion of such dividend from its taxable income, calculated based on the applicable inclusion rate for the year under paragraph 38(a) of the Tax Act.

Under the Capital Gains Tax Proposals, the inclusion rate will increase to 2/3 of capital gains for taxation years that begin after June 24, 2024. For taxation years that include June 25, 2024, a blended inclusion

rate will be used based on the proportion of capital gains realized before June 25, 2024 (at ½ inclusion rate) and capital gains realized after June 24, 2024 (at 2/3 inclusion rate).

As discussed below, a capital gains dividend is taxed in the hands of a shareholder as a capital gain arising from a notional disposition of capital property. The combination of the Issuer's deduction for capital gains dividends and the shareholder's deemed capital gain will allow the Issuer to flow capital gains through to a shareholder on a tax efficient basis. As a public corporation, the Issuer will be subject to tax at the highest corporate rates. However, at this time the Issuer intends to declare dividends and capital gains dividends each year in sufficient amounts to reduce its taxable income to nil.

8.2.2 Taxation of Shareholders

Dividends other than capital gains dividends which are paid by the Issuer on the Class B Shares will be included in shareholders' incomes as bond interest. Capital gains dividends will be treated as realized capital gains of shareholders, and will be subject to the general rules relating to the taxation of capital gains. **SINCE THE DIVIDENDS RECEIVED ARE TAXED AS BOND INTEREST, THE NORMAL GROSS UP AND DIVIDEND TAX CREDIT RULES WILL NOT APPLY TO DIVIDENDS PAID BY THE ISSUER TO AN INDIVIDUAL AND TRUSTS ON A PREFERRED SHARE AND SHAREHOLDERS THAT ARE CORPORATIONS WILL NOT BE ENTITLED TO DEDUCT THE AMOUNT OF DIVIDENDS PAID BY THE ISSUER FROM THEIR TAXABLE INCOME.**

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

A disposition or a deemed disposition of Class B Shares (other than to the Issuer) will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition of the Class B Shares exceed (or are exceeded by) the adjusted cost base of the Class B Shares and the disposition costs. Amounts paid by the Issuer on the redemption or acquisition by it of a Class B Shares, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Issuer on the redemption or acquisition of a Class B Shares which is in excess of the paid-up capital of such Class B Shares will be deemed to be a dividend and will be included in the income of a holder of Class B Shares, in accordance with the rules described above.

A portion of any capital gain realized by a shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the shareholder's income under the Tax Act as a taxable capital gain. The taxable portion of the capital gains dividend will depend on the inclusion rate of the dividend payor, as discussed in Section 7.2.1 above. Under the Capital Gains Tax Proposals, the taxable portion of any capital gain realized by a shareholder will ½ for capital gains realized before June 25, 2024 and 2/3 for capital gains realized after June 24, 2024.

Subject to certain specific rules in the Tax Act, a portion of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the shareholder in such year, in the three preceding taxation years or in any subsequent taxation year. Under the Capital Gains Tax Proposals, the portion of the capital losses which may be applied against taxable capital gains will depend on the period in which the capital loss is realized and the inclusion rate applicable to the offsetting capital gain.

The taxable capital gains realized by a shareholder that is an individual may give rise to alternative minimum tax depending upon the shareholder's circumstances. A shareholder that is a "Canadian Controlled Private Corporation" (as defined in the Tax Act) may be liable to pay additional refundable taxes on certain investment income, including amounts in respect of interest and taxable capital gains.

8.3 **Eligibility for Investment by Registered Plans**

This outline of the eligibility for investment by Registered Plans is prepared and provided entirely by the management of the Issuer for the circumstances of the Issuer. The Class B Shares will be qualified investments for a Registered Retirement Savings Plan ("RRSP"), a Registered Retirement Income Fund

("RRIF"), a Registered Educational Savings Plan ("RESP"), a Registered Disability Savings Plan ("RDSP"), a first time home savings account ("FHSA"), or tax-free savings account ("TFSA") (collectively, a "Registered Plan") at a particular time if the Issuer qualifies as a mortgage investment corporation under the Tax Act at such particular time and if, throughout the calendar year in which the particular time occurs, the Issuer does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is a Controlling Individual (as defined herein) in respect of the Registered Plan, or any other person who does not deal at arm's length with such Controlling Person. A "Controlling Person" for this purpose is an annuitant of an RRSP or RRIF, the beneficiary or subscriber of an RESP, the beneficiary or holder of an RDSP, the holder of an FHSA, or the holder of a TFSA, as the case may be.

Registered Plans will generally not be liable for tax in respect of any dividends received from the Issuer.

If the Issuer ceases to qualify as a mortgage investment corporation throughout any period of time, the Class B Shares of the Issuer will cease to qualify as investments for Registered Plans throughout such period. If a Registered Plan holds a non-qualified investment at any time during a particular year, the Registered Plan will be subject to a tax under Part I of the Tax Act on income attributable to the non-qualified investment. The Controlling Individual may also be subject to a tax equal to 50% of the fair market value of the investment at the particular time. This tax is refundable in certain circumstances.

Notwithstanding that the Class B Shares may be qualified investments for a trust governed by a Registered Plan, the Controlling Individual will be subject to a penalty tax if such securities are a "prohibited investment" for the Registered Plan. The Class B Shares will generally be a "prohibited investment" if the Controlling Individual does not deal at arm's length with the Issuer for purposes of the Tax Act or the Controlling Individual has a "significant interest" (within the meaning of the Tax Act) in the Issuer or a corporation, partnership or trust with which the Issuer does not deal at arm's length for purposes of the Tax Act. A "significant interest" in a corporation generally means ownership of 10% or more of the issued shares of any class of the capital stock of the corporation (or of any related corporation), either alone or together with persons with which the shareholder does not deal at arm's length, as that phrase is understood, for purposes of the Tax Act. **Controlling Individuals of Registered Plans should consult their own advisors in this regard.**

The Tax Act also applies a special tax where there is a certain "advantage" (as defined in the Tax Act) determined in respect of a Registered Plan. The advantage tax rules are intended to target abusive tax planning arrangements that seek to artificially shift value into or out of a Registered Plan. These rules are beyond the scope of this Offering Memorandum. **Controlling Individuals of Registered Plans should consult their own advisors in this regard.**

The Issuer is making the foregoing tax disclosure, but it makes no other warranties or representations, implied or otherwise, with respect to taxation issues. Furthermore, the Issuer will not be monitoring whether taxes related to "prohibited investments" or "advantages" may be applicable with respect to any particular shareholder.

Item 9 - Compensation Paid to Sellers and Finders

The Class B Shares will only be sold by a registered securities dealer or exempt market dealer registered with the securities regulatory authority in the applicable jurisdiction.

On May 31, 2024, the Issuer engaged Frontfundr as its exempt market dealer for the distribution of the Issuer's Class B Shares under the FrontFundr Agreement. Frontfundr is entitled to certain fees in connection with the provision of its services consisting principally of an initial non-refundable onboarding fee of \$9,000 plus applicable taxes. Additionally, the Issuer will pay to Frontfundr, a trade fee equal to 1.00% of the gross proceeds raised from each subscriber up to a maximum trade fee of \$2,000 per subscriber. The Issuer will also compensate FrontFundr for any additional advisory, processing or other services as agreed with FrontFundr in addition to the trade fees. See Item 2.7.3.

The Issuer may appoint additional selling agents for this Offering during the course of this Offering. Commissions and fees payable to such additional selling agents will be negotiated on a case-by-case basis and may involve up-front cash commissions, "trailing" fees (paid over time while the investor continues to

hold our Class B Shares) and other fees, the amounts of which will not exceed commissions and fees normally paid in the securities industry as may be determined by the Directors, acting reasonably. Such commissions and fees may be paid from our income or deducted, for fixed fees and commissions, from the subscription funds provided by an investor and, for trailing fees, from income distributions paid to such investor.

Item 10 - Risk Factors

In addition to factors set forth elsewhere in this Offering Memorandum, potential subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Class B Shares. The following is a summary only of the risk factors involved in an investment in the Class B Shares. Investors should consult with their own professional advisors to assess the income tax, legal and other aspects of an investment in the Class B Shares.

10.1 Investment Risk

10.1.1 Speculative Investment

The purchase of Class B Shares is a speculative investment. You should buy them only if you can make a long term investment, have no need for immediate liquidity in your investment and are aware of the risk factors involved in such an investment. Real estate lending contains elements of risk and is subject to uncertainties such as the borrowers' costs of operation and financing and fluctuating demand for developed real estate.

10.1.2 Marketability

While the Class B Shares have redemption rights, there is no market for resale of the Class B Shares and consequently, it may be difficult or even impossible for you to sell them. In addition, the Class B Shares may not be readily acceptable as collateral for loans. See Item 5.1.

There are restrictions on resale of the Class B Shares by you and there is no market through which the securities offered may be sold. As we do not intend presently to qualify our securities for sale to the public by way of a prospectus or to become a reporting issuer, these resale restrictions might never expire, it is not expected that any market will develop with respect to the securities of the Issuer at any time, and you should consult your own professional advisors in respect of resale of the Class B Shares. See Item 12.

This Offering Memorandum constitutes a private Offering of Class B Shares by the Issuer only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale under exemptions under applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement or public Offering of Class B Shares. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

10.1.3 No Guarantee or Insurance

The Class B Shares are not guaranteed by any other person or entity. Neither the Administrator nor any of its affiliates are guaranteeing the obligations of the Issuer.

The Issuer is not a member institution of the Canada Deposit Insurance Corporation and the Class B Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation. The Class B Shares are retractable at the option of the holder, but only under certain circumstances. See Item 5.1.

10.1.4 Right to Redeem Not Absolute

The Class B Shares have redemption rights, meaning that holders of Class B Shares have the right to require the Issuer to redeem them upon appropriate advance notice from the holder to the Issuer, subject to certain circumstances. The Issuer gives no assurance that any such holder will be able to redeem any

or all of their shares at any time. Redemption of the Class B Shares is subject to the Issuer having access to sufficient cash, or other liquid assets, and being in compliance with corporate and securities legislation, and is subject to the terms of this Offering Memorandum, all as determined solely by the Issuer. Redemption of the Class B Shares is also subject to the discretion of the Directors to act in the best interests of the Issuer to maintain the Issuer's status as a "mortgage investment company" under the Tax Act. Accordingly, investment in the Issuer's Class B Shares is unsuitable for those prospective investors who may require liquidity. See Item 5.1.

10.1.5 No Voting Rights

The Class B Shares being offered for sale pursuant to this Offering Memorandum do not have voting rights, and consequently a shareholder's investment in Class B Shares does not carry with it any right to take part in the control or management of the Issuer's business, including the election of directors. In assessing the risks and rewards of an investment in Class B Shares, potential investors should appreciate that they are relying solely on the good faith, judgement and ability of the Directors, officers and employees of the Issuer and the Administrator to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's and the Administrator's directors, officers and employees. It would be inappropriate for investors unwilling to rely, to this extent, on these individuals to purchase Class B Shares.

10.1.6 Tax Designation

If, for any reason, the Issuer fails to maintain its qualification as a MIC under the Tax Act, dividends paid by the Issuer on the Class B Shares will cease to be deductible from the Issuer's income and the Class B Shares, unless listed on a prescribed stock exchange for the purposes of the Tax Act, may cease to be qualified investments for Registered Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments in Registered Plans. See Item 6. **There can be no assurance that the Issuer will be able to meet the Income Tax Act's MIC qualifications at all material times.**

The normal gross-up and dividend tax credit rules do not apply to dividends paid on securities of the Issuer and corporate holders of the Class B Shares will not be entitled to deduct the amount of any dividends paid on their Class B Shares from their taxable income. See Item 6.

10.1.7 No Guaranteed Return

There is no guarantee that an investment in Class B Shares will earn any positive return or any return at all in the short or long term. Moreover, the interest rates being charged for mortgages reflect the general level of interest rates and, as interest rates fluctuate, management of the Issuer expects that the aggregate yield on mortgage investments will also change.

10.2 **Company Risk**

10.2.1 Limited History

The Issuer was only incorporated on July 12, 2023, and has conducted limited material business operations since incorporation. Accordingly, the Issuer is subject to many risks common to enterprises with a limited operating history, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and absence of revenues. There is no assurance that the Issuer 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. There can be no assurance that the Issuer will be able to find suitable mortgages or obtain sufficiently funding or that any of its activities will generate positive cash flow.

10.2.2 Risk of Leverage

Successful utilization of leverage, as contemplated by any bank line of credit or other financing discussed in this Offering Memorandum depends on our ability to borrow funds from outside sources and to use those

funds to make loans and other investments at rates of return in excess of the cost to us of the borrowed funds. Leverage increases exposure to loss.

10.2.3 Availability of Investments

Because the source of the Issuer's investments is through itself, the Issuer is exposed to adverse developments in the business and affairs of itself, 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 Issuer to make investments in accordance with its objectives and investment policies depends upon the availability of suitable investments and the amount of funds available. There can be no assurance that the yields on the mortgages currently invested in by the Issuer will be representative of yields to be obtained on future mortgage investments of the Issuer.

10.2.4 Composition of the Mortgage Portfolio

The composition of the Issuer's mortgage portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the mortgage portfolio being less diversified than anticipated. A lack of diversification may result in the Issuer being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography. **Until the aggregate funds under management of the Issuer grows large enough, similar lending concentrations may occur from time to time if the Issuer is presented with larger size investments of high returns, provided the Administrator determines the risk of such investments is acceptably low. See Item 2.3.**

10.2.5 Conflicts of Interest

The Directors and officers of the Issuer are also directors, officers and shareholders of the Administrator. Consequently, conflicts may arise between the investors in the Class B Shares of the Issuer and the directors and officers of the Administrator. There is no assurance that any conflicts of interest that may arise will be resolved in the manner most favourable to the investors. Persons considering a purchase of Class B Shares pursuant to this Offering must rely on the judgement and good faith of the directors and officers of the Administrator and the Issuer in resolving such conflicts of interest as they arise.

The Directors of the Issuer may vary the Issuer's Investment Guidelines. The Directors are also entitled to terminate the MAA. It may be difficult for some of the Directors to exercise independent judgment about these and other matters.

10.2.6 Lack of Separate Legal Counsel

Investors in the Class B Shares, as a group, have not been represented by separate legal counsel. Legal counsel for the Issuer and counsel for the Administrator or any of their affiliates have not conducted any review or engagement on the behalf of such investors.

10.3 **Industry Risk**

10.3.1 General Nature of Mortgage Loans

The Issuer's investments in mortgage loans 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 required before the Issuer makes any mortgage investments, the appraised values provided therein, even where reported on an "as is" basis are not necessary 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 Issuer's income and funds available for distribution to security holders would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Issuer or if the Issuer were unable to invest its funds in mortgages on economically favourable terms. On default by a borrower, the Issuer may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment.

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. The Issuer may be required to incur such expenditures to protect its investment, even if the borrower is not making debt service required of it under the mortgage.

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

The Issuer will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the properties of the Issuer will not be able to be refinanced or that the terms of re-financing will not be as favourable as the terms of existing indebtedness.

10.3.2 Risks Associated with Mortgage Loans

You also should consider the following more specific risks in connection with our mortgage loans:

- (a) *Insurance.* Our mortgage loans will not usually be insured by Canada Mortgage and Housing Corporation or any private mortgage insurer in whole or in part.
- (b) *Priority.* In the event of default under a mortgage, it may be necessary for us, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to pay off or maintain prior encumbrances in good standing.
- (c) *Default.* Financial charges funded by first mortgage lenders may in some cases rank in priority to our mortgages. If there is an event of default by the borrower under any prior financing charge, we may be required to arrange a new first mortgage or pay out the first mortgage from our own assets in order to avoid adverse financial consequences to the Issuer.
- (d) *Credit Risk.* As with most mortgage investment companies, we provide financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation, causing the Issuer to incur a financial loss. We minimize our credit risk primarily by ensuring that the collateral value of the security fully protects the advances, that there is a viable exit strategy for each loan and that loans are made to experienced developers and owners. In addition, we limit concentration risk by diversifying our mortgage portfolio by way of location, property type, maximum size of loan on any one property and maximum advances to any one borrower or connection.
- (e) *Impaired Loans.* The Issuer may have from time to time one or more impaired loans in its investment portfolio, details of which are reported in the Issuer's financial statements. A

loan is impaired where full recovery is considered to be in doubt based on a current evaluation of the security held by the Issuer and for which either a write-down has been taken or a specific loss provision has been established.

- (f) *Liquidity Risk.* Liquidity risk is the risk that we will encounter difficulty in raising funds to meet commitments associated with financial instruments. We control liquidity risk through cash flow projections used to forecast funding requirements on mortgage proposals, and anticipated redemption of Class B Shares.

In addition, in recognition of the risks which may be involved in our loans, we establish reserves against potential losses in amounts that we anticipate being deductible for income tax purposes under the Tax Act as determined in consultation with the Issuer's auditors.

10.3.3 Competition for Mortgage Loans

Our earnings depend on the ability of suitable opportunities for the investment of our funds and on the yields available from time to time on mortgages as well as the cost of borrowings. A wide variety of competing lenders and investors are active in the areas of lending in which we operate. Our yields on real estate loans, 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, legislation, governmental regulation and tax laws. We cannot predict the effect which those factors will have on our business.

10.3.4 Renewal of Mortgages

There can be no assurances that any of the mortgages comprising the Issuer's mortgage portfolio from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors and the mortgagees at the time of renewal.

10.3.5 Failure to Meet Commitments

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

10.3.6 Environmental and Other Regulatory Matters

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

10.3.7 Changes in Legislation and Government Regulation

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

Item 11 - Reporting Obligations

11.1 Documents Provided to Shareholders Annually or on an On-going Basis

The Issuer is not a reporting issuer in any province or territory of Canada. The Issuer will comply with the reporting requirements imposed on the Issuer under the *Business Corporations Act* (British Columbia).

11.2 Information About the Issuer

As provided under the *Business Corporations Act* (British Columbia), you may obtain certain information about the Issuer's incorporation, amendments to our constituting documents, directors, officers, annual corporate filings and other corporate information either from the British Columbia Registrar of Companies, 2nd Floor – 940 Blanshard Street (PO Box 9431 Stn. Prov. Govt), Victoria, BC, V8W 9V3 (telephone number 250-356-8658, telefax 250-356-9422, website www.fin.gov.bc.ca/registries/corppg) or the registered office of the Issuer at 2600 – 1066 West Hastings Street, Vancouver, BC, V6E 3X1 (telephone number 604-682-7737, telefax 604-682-7131, website www.mltakins.com). Information about the Issuer's status and filing under the *Securities Act* (British Columbia) can be obtained from the British Columbia Securities Commission (telephone number (604) 899-6500, toll-free 1-800 373-6393, telefax 604-899-6506, website at www.bcsc.bc.ca) and under the securities laws of any other jurisdiction from the securities regulator in that jurisdiction.

Item 12 - Resale Restrictions

12.1 General

These securities 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 securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

12.2 Restricted Period

Unless permitted under securities legislation, you cannot trade our Class B Shares acquired under this Offering Memorandum before the date that is four months and a day after the date we become a reporting issuer in any province or territory in Canada.

We are not a reporting issuer in any Canadian province or territory, we will not become a reporting issuer upon completion of this Offering and we do not anticipate becoming a reporting issuer. Accordingly, the resale restriction on our Class B Shares you acquire under this Offering Memorandum may never expire.

Class B Shares issued by the Issuer to an investor shall be legended with the following wording which applies to these securities:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT THE DISTRIBUTION DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

Item 13 – Purchasers' Rights

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

British Columbia

If you are resident in British Columbia and received a copy of this Offering Memorandum in connection with your purchase of the Class B Shares, you have the statutory rights listed below.

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 this 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 B Shares.

- (a) *Two Day Cancellation Right* – You can cancel your agreement to purchase Class B Shares. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Class B Shares.
- (b) *Statutory Rights of Action in the Event of a Misrepresentation* – If there is a misrepresentation in this Offering memorandum, you have a right to sue:
 - (i) the Issuer to cancel your agreement to buy these securities; or
 - (ii) for damages against the Issuer and every director who was a director of the Issuer 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 B Shares (rescission) against the Issuer, you will not have a right of action for damages against the Issuer or any other person named in paragraph (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Class B Shares. 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 B 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 B Shares were offered to you under this Offering Memorandum.

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

Item 14 – Audited Financial Statements

The audited financial statements of the Issuer from incorporation on July 12, 2023 to June 30, 2024, are attached hereto as Item 14 of this Offering Memorandum.

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PrimeRate Mortgage Investment Corporation

Financial Statements

For the period from the date of incorporation (July 12, 2023) to June 30, 2024

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Independent Auditor's Report

To the Shareholders of PrimeRate Mortgage Investment Corporation:

Opinion

We have audited the financial statements of PrimeRate Mortgage Investment Corporation (the "Corporation"), which comprise the statement of financial position as at June 30, 2024, and the statements of comprehensive income, cash flows, and changes in net assets attributable to holders of redeemable shares for the period from the date of incorporation (July 12, 2023) to June 30, 2024 ("period"), and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2024, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Toronto, Ontario
November 15, 2024

MNP LLP

Chartered Professional Accountants
Licensed Public Accountant

PrimeRate Mortgage Investment Corporation

Statement of Financial Position

As at		June 30, 2024
ASSETS		
Cash	\$	2,311,216
Accounts Receivable (Note 5)		18,077
Interest Receivable		41,703
Mortgage Receivables (Note 4)		5,208,295
TOTAL ASSETS	\$	7,579,291
LIABILITIES		
Accounts Payable and accrued liabilities	\$	65,920
TOTAL LIABILITIES	\$	65,920
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Redeemable share Capital (Note 6)	\$	7,516,972
Deficit		(3,601)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES	\$	7,513,371

Approved by:

Pourang Taheri

Director (signed)

Behzad Zakeri

Director (signed)

Hossein Ghandchi

Director (signed)

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

PrimeRate Mortgage Investment Corporation**Statement of Comprehensive Income**

For the period ended		June 30, 2024
INCOME		
Lender Fee Income	\$	85,041
Interest Income		83,781
Other income		21,540
TOTAL INCOME	\$	190,362
EXPENSES		
Professional Fees	\$	69,990
Other Administrative Expenses (Note 5)		13,698
Management Fee (Note 5)		85,041
		168,729
Expenses absorbed by Administrator (Note 5)		(123,097)
Net Income and Comprehensive Income	\$	144,730

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

PrimeRate Mortgage Investment Corporation

Statement of Cash Flows

For the period ended	June 30, 2024	
Cash Flows from (used in) Operating activities		
Net Income and Comprehensive Income	\$	144,730
Changes in operating assets and liabilities:		
Accounts receivable (Note 5)		(18,077)
Interest Receivable		(41,703)
Purchase of mortgage investments		(5,353,295)
Principal repayments on mortgage investments		145,000
Accounts payable and accrued liabilities		53,536
Net cash used in operating activities	\$	(5,069,809)
Cash Flows from (used in) Financing activities		
Proceeds from issuance of Shares (Note 6)	\$	7,385,000
Distributions Paid to Shareholders (Note 6)		(3,975)
Net cash provided by financing activities	\$	7,381,025
Net increase in cash	\$	2,311,216
Cash position, beginning of year		-
Cash position, end of year	\$	2,311,216

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

PrimeRate Mortgage Investment Corporation

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

As at	June 30, 2024			
	Deficit	Redeemable share capital	Net assets attributable to holders of redeemable shares	
Balance, beginning of period	\$ -	\$ -	\$	-
Net income and comprehensive income	144,730	-		144,730
Dividends	(148,331)			(148,331)
Proceeds from issuance of units (note 6)		7,516,972		7,516,972
Balance as at June 30, 2024	\$ (3,601)	\$ 7,516,972	\$	7,513,371

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

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

1. GENERAL INFORMATION

PrimeRate Mortgage Investment Corporation (the “Corporation”) was incorporated under the Business Corporation Act (British Columbia) on July 12, 2023. The registered address of the Corporation is 889 Harbourside Drive, Unit 200, Vancouver, British Columbia, V7P 3S1. PrimeRate Management Company Ltd., an affiliated company (the “Administrator”) is responsible for managing the affairs of the Corporation by providing management and administration services to the Corporation.

The Corporation invests in a diversified mortgage portfolio comprised primarily of single-family residential mortgage receivables. The financial statements are presented in Canadian dollars. These financial statements were authorized for issue by the Board of Directors on November 15, 2024.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of June 30, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following summarize the material accounting policies of the Corporation:

Classification and Measurement of Financial Assets and Liabilities

Mortgage Receivables

Under IFRS 9 *Financial Instruments* (“IFRS 9”), classification and measurement of financial assets are driven by the Corporation’s business model for managing them and their contractual cash flows.

The Corporation initially recognizes financial instruments at fair value and their subsequent measurement depends on the nature and classification of the financial instrument, in accordance with IFRS 9.

The Corporation’s financial assets are predominantly comprised of mortgage receivables. Mortgages are classified as amortized cost instruments using the effective interest rate method. Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument. Mortgages are managed to generate cash flows from collection of contractual cash flows.

Mortgage receivables are initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method.

Other Assets and Liabilities

Mortgage interest receivable is recorded at amortized cost. Similarly, accounts receivable and accounts payable and accrued liabilities are recorded at amortized cost. These assets and liabilities are short term in nature.

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Impairment of Financial Assets

IFRS 9 requires the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost. An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The Corporation measures loss allowance using a three-stage approach based on the credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. The allowance for credit losses captures the lifetime ECL. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full without recourse by the Corporation to actions such as realizing security, it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations, and/or through consideration of other qualitative and quantitative factors, including breaches of covenants.

For the period ended June 30, 2024, there was no movement between the stages as the total balance of Mortgage receivables was classified as Stage 1. Refer to Note 4 for further details.

Interest Income and Lender Fee Income

Interest income and Lender Fee Income are accounted for using the effective interest method.

Interest income is calculated on the gross carrying amount for mortgages receivable in Stage 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3. Lender Fee income is the fee paid by the borrower to the Corporation and relates to the acquisition and issuance of the mortgage.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life if the financial instrument.

Income Taxes

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

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Use of Estimates and Judgements

The preparation of financial statements requires the Administrator to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimate that the Administrator is required to make relate to the expected credit loss of the investments in mortgages. The estimate may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, and other factors affecting mortgages and the underlying security of the mortgages.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns, and the uncertainty of predictions concerning future events. Liquid credit markets and volatile equity markets have combined to increase the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. However, should circumstances change including the underlying assumptions, the estimated recoverable value could vary by a material amount.

Accounting Pronouncements Issued but not yet Effective

Amendments to IAS 1, Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and are unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also clarify the definition of "settlement" of a liability. The amendments are effective for annual periods beginning on January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management does not expect any material impact to the Corporation's financial statements upon adoption of these amendments.

4. MORTGAGE RECEIVABLES

For the period ended June 30, 2024 all mortgage loans were originated in the Province of British Columbia, Canada. As of June 30, 2024, there were no mortgages that are in default or that are in arrears and there was no impairment allowance recognized by the Corporation.

The following table sets out information by stage regarding the credit quality of mortgage receivables:

June 30, 2024	Stage 1	Stage 2	Stage 3	Total
Mortgages (Gross)	5,208,295	-	-	5,208,295
Allowance for doubtful accounts	-	-	-	-
Carrying amount	5,208,295	-	-	5,208,295

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Administrator receives monthly management fees based on the mortgages under administration held by the Corporation as of the end of each month. The Administrator is entitled to management fees equal to the amount of lender fees collected by the Corporation pursuant to the Credit agreement with each borrower.

For the period ended June 30, 2024, the Administrator forgave \$85,041 of management fees owing. In addition, the Administrator forgave \$38,056 in other expenses for the period. As of June 30, 2024, \$18,077 is due from the Administrator relating to the total forgiven expenses included within Accounts Receivable on the Statement of Financial Position.

There are 400 issued and outstanding Class A Shares ("Common Shares") with voting rights with no par value as of June 30, 2024. These Common Shares are owned equally by the four principal officers of the Corporation. Each share entitles the owner to one vote per each one they own.

One of the principal officers of the Corporation is appointed the Designated Individual of the Corporation. The Corporation pays a fee of \$2,000 a month pursuant to an agreement with the principal officer. For the period ended June 30, 2024, total fees of \$12,100 were paid under this agreement and have been included within 'Other Administrative Expenses' in the Statement of Comprehensive Income.

6. CAPITAL MANAGEMENT AND REDEEMABLE SHARES

The Corporation's objective is to acquire and maintain a diversified mortgage portfolio comprised of single-family residential mortgages that seeks to preserve capital and generate sufficient income to permit the Corporation to pay distributions to the Class B shareholders.

The Corporation's capital includes net assets attributable to holders of redeemable shares. The Corporation manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Corporation may adjust the amount of distributions paid to shareholders, return capital to shareholders, increase or decrease its levels of borrowing or purchase shares for cancellation.

Shares Authorized

The Corporation is authorized to issue an unlimited number of Class B and Common Shares without par value.

(a) Common Shares

The holders of the Common Shares have the power to vote on all matters to be considered by the holders of Common Shares and each shareholder has one vote per share. The holders of the Common Shares are not entitled to receive dividends. The Common shares cannot be redeemed by the Corporation at anytime.

Issued and outstanding- Common Shares

The Corporation issued 400 Common Shares with no par to four shareholders as discussed in Note 5, who each own beneficially and of record approximately 25% of the issued and outstanding Common Shares of the Corporation. Since inception, there has been no change to the outstanding Common Shares of the Corporation.

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

6. CAPITAL MANAGEMENT AND REDEEMABLE SHARES (cont'd)

Shares Authorized (cont'd)

(b) Class B Shares

Authorized Class B shares have the following attributes:

The holders of the Class B shares are entitled to receive dividends on the Class B shares as and when declared by the Board of Directors of the Corporation. The holders of Class B shares are not entitled to vote at meetings of the shareholders of the Corporation, other than as required by law or as set forth under the articles of incorporation.

Class B shares may be redeemed at the option of shareholders for all or any portion of his, her, or its Offered Shares on a Retraction Date. The amount payable by the Corporation in respect of each Offered Share shall be redeemed proportionately amongst the Class B shareholders within six (6) months following the applicable Retraction Date.

Issued and outstanding— Class B Shares

	June 30, 2024	
	Number of shares	\$ Value
Redeemable number of shares outstanding, beginning of the period	-	\$ -
Issued for cash	7,385,000	7,385,000
Issuance of redeemable shares under dividend reinvestment plan	131,972	131,972
Redeemable number of shares outstanding, end of the period	7,516,972	\$ 7,516,972

As of June 30, 2024, there are 7,516,972 Class B shares were outstanding. Included in the value of the Class B shares are \$105,857 of shares to be issued which were issued on July 1, 2024.

7. DISTRIBUTIONS TO SHAREHOLDERS

Distributions, as declared by the Corporation, are made on a quarterly basis to Class B shareholders of record on the last business day of each month. For the 2024 fiscal period, the Corporation declared total distributions of \$148,331. The distributions recorded as at June 30, 2024 consist of issuance of shares in the amount of \$131,972 and cash distributions in amount of \$16,359, out of which is \$3,975 was paid out in cash with the remaining being included in accounts payable and accrued liabilities in the Statement of Financial Position. In computing the current year's income for income tax purposes, the company deducted \$114,652 of dividends within 90 days of the year end.

8. FINANCIAL INSTRUMENTS

Financial Risk Management

The Corporation's investment activities expose it to a variety of financial risks. Financial risks that are relevant to the Corporation are discussed below.

The Administrator attempts to minimize the potential adverse effects of these risks on the Corporation's performance through investments in a mortgage portfolio consisting primarily of single-family residential mortgages.

The investment portfolio is composed of Canadian dollar-denominated residential mortgage receivables.

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

8. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Corporation. The risk arises primarily from the mortgages held by the Corporation and also from cash and other assets. All of the Corporation's mortgage receivables are residential mortgages secured by real property located in British Columbia, which include single family dwellings, duplexes, townhouses, condominium units, apartment buildings, land, or income producing property. Mortgages originated by the Administrator are subject to an extensive mortgage approval process. Credit risk is also mitigated by: (i) the value of the property underlying a mortgage; (ii) the investment restrictions of the Corporation require that the average loan-to-value ("LTV") of the portfolio does not exceed 75% and no single mortgage may have an LTV of more than 75% at the time of funding. The Corporation's maximum credit risk exposure is represented by the carrying amounts of the assets.

Liquidity Risk

Liquidity risk is the risk that the Corporation may not be able to settle or meet its obligations on time or at a reasonable price. The Corporation is exposed to liquidity risk through its retraction of Class B Shares as well as fluctuations as a result of the timing of mortgage receivable funding. The Corporation does have the ability to reject or suspend retractions if the retraction would not be in the best interest of the Corporation. In addition, the Corporation shall not accept for retraction in any one calendar year, Offered Shares representing more than 10% of the total number of Offered Shares outstanding as of the first day of such calendar year. The Corporation, in its sole discretion, may waive or vary the annual limit from time to time. Notwithstanding any other term, the Issuer shall not be required to redeem or retract: (i) more than ten percent (10%) of its outstanding Class B Shares in any 12 month period; (ii) if any such redemption or retraction will result in the Issuer having a holder of Class B Shares during the period of time since the start of the most recent fiscal year, owning greater than 25% of the Class B Shares issued and outstanding; and (iii) if any such redemption or retraction will result in the Issuer having less than 20 shareholders.

As at June 30, 2024, the Corporation had a cash position of \$2,311,216, and the Corporation had gross mortgage receivables totaling \$5,208,295, which substantially exceeded its total liabilities of \$65,920.

Interest Rate Risk

The Corporation is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Corporation's interest-bearing financial instruments, the Corporation's investment strategy is to focus on mortgages that have a term of one year. Accordingly, the Corporation would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Market Risk

Market risk is the exposure to adverse changes in the value of financial assets. Market risk includes price risk on real estate values. Any change in market risk factors may affect the value of the mortgages receivable, which may have an effect on the financial condition of the Corporation and its operations.

PrimeRate Mortgage Investment Corporation

Notes to the financial statements

For the period ended June 30, 2024

9. FAIR VALUE DISCLOSURES

The Corporation's financial instruments recognized in the Statement of Financial Position consist of cash, accounts receivable, mortgage receivables, mortgage interest receivable, and accounts payable and accrued liabilities. The fair values of these recognized financial instruments approximate their carrying values.

The Corporation classifies fair values within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

There is no quoted price in an active market for mortgage receivables. The Corporation makes its determination of fair value based on its assessment of the current lending market for mortgage receivables. Fair value of the mortgage receivables approximates carrying value as the majority of mortgages have a one-year term.

Item 15 – Interim Financial Statements

The audited financial statements of for the three months ended September 30, 2024, are attached hereto as Item 15 of this Offering Memorandum.

[Remainder of page intentionally left blank.]

PRIMERATE MORTGAGE INVESTMENT CORP
INTERIM COMPILATION OF FINANCIAL INFORMATION
FOR THE PERIOD
ENDED SEPTEMBER 30, 2024
(UNAUDITED - COMPILATION ENGAGEMENT REPORT)

PRIMERATE MORTGAGE INVESTMENT CORP

For the period Ended September 30, 2024

(Unaudited - See Compilation Engagement Report)

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APPROVED ON BEHALF OF THE BOARD:

Pourang Taheri

Director

COMPILATION ENGAGEMENT REPORT

On the basis of information provided by management, we have compiled the interim balance sheet of PrimeRate Mortgage Investment Corp as at September 30, 2024 and the interim statements of income and retained earnings, for the year then ended and Note 2, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it, and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion or provide any form of assurance on the financial information. Readers are cautioned that the financial information may not be appropriate for their purposes.

Dumont & Co. Accounting Ltd.

Behzad Zakari

North Vancouver, B.C.
February 03, 2025

PRIMERATE MORTGAGE INVESTMENT CORP

Balance Sheet

As at September 30, 2024

(Unaudited - See Compilation Engagement Report)

	Note	Period Ended September 2024	Year Ended June 2024
ASSETS			
CURRENT			
Cash and Cash Equivalents		\$ 232,343	\$ 2,311,215
Accounts Receivable		18,077	18,077
Mortgage Receivables		11,920,795	5,208,295
Interest Receivable		<u>105,588</u>	<u>41,703</u>
Total Current Assets		12,276,803	7,579,290
 Total Assets		 <u>\$ 12,276,803</u>	 <u>\$ 7,579,290</u>
LIABILITIES			
CURRENT			
Accounts Payable		\$ 111,424	\$ 13,435
Hardbacks		-	40,000
Deposit Received		197,100	-
Dividend Payable		<u>141,366</u>	<u>12,384</u>
Total Current Liabilities		449,890	65,819
LONG TERM LIABILITIES			
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			
Redeemable Share Capital		11,857,634	7,516,972
Deficit		(3,501)	-
Net Income and Comprehensive Income		234,807	144,830
Dividend Paid		<u>(262,027)</u>	<u>(148,331)</u>
Net Assets Attributable To Holders Of Redeemable Share		<u>11,826,913</u>	<u>7,513,471</u>
 Total Liabilities and Net Assets Attributable To Holders of Redeemable Shares		 <u>\$ 12,276,803</u>	 <u>\$ 7,579,290</u>

PRIMERATE MORTGAGE INVESTMENT CORP

Statement of Income and Deficit

For the period Ended September 30, 2024

(Unaudited - See Compilation Engagement Report)

	Period Ended September 2024	Year Ended June 2024
REVENUE		
Lender Fee	\$ 99,425	\$ 85,041
Interest Income	250,986	83,781
NSF Income	600	-
Mortgage Discharge Fee	-	75
Interest Income on Bank Deposit	<u>11,460</u>	<u>21,465</u>
TOTAL REVENUE	<u>362,471</u>	<u>190,362</u>
GROSS PROFIT	<u>362,471</u>	<u>190,362</u>
EXPENSES		
Bank Service Charges	189	496
Other Administrative Expenses	6,000	12,000
Professional Fee		
Accounting Fee	22,050	30,000
Consulting Fee	-	1,102
Legal Fee	-	40,010
Management & Administration Fee	99,425	85,041
Expenses Absorbed By Management	<u>-</u>	<u>(123,117)</u>
TOTAL EXPENSES	<u>127,664</u>	<u>45,532</u>
NET INCOME FOR THE PERIOD	234,807	144,830
DEFICIT, Beginning of the Period	<u>(3,501)</u>	<u>-</u>
	231,306	144,830
DIVIDENDS	<u>(262,027)</u>	<u>(148,331)</u>
DEFICIT, End of the Period	<u><u>\$ (30,721)</u></u>	<u><u>\$ (3,501)</u></u>

PRIMERATE MORTGAGE INVESTMENT CORP

Notes to the Financial Statements

For the Period ended September 30, 2024

(Unaudited - See Compilation Engagement Report)

Period Ended September 2024	Year Ended June 2024
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NATURE OF BUSINESS

The company was incorporated on July 12, 2023 under the laws of the Province of British Columbia.

It is in the business of Mortgage Investment Corp

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis which assumes the Company can realize assets and discharge liabilities in the ordinary course of business for the foreseeable future. These financial statements do not include any adjustment that would be necessary should the company be unable to continue as a going concern.

2 . BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the balance sheet of PrimeRate Mortgage Investment Corp. as at September 30, 2024 and the income statement for the year then ended is the historical cost basis reflecting the cash transactions with the additional of:

- Property, Plant and Equipment amortized in accordance with amounts allowable for income tax purposes
- Accounts Payable and Accrued Liabilities

Item 16 - Date and Certificate

DATED February 10, 2025

This Offering memorandum does not contain a misrepresentation.

PRIMERATE MORTGAGE INVESTMENT CORPORATION

Per: (signed) "Pourang Taheri"
POURANG TAHERI
Chief Executive Officer

(signed) "Behzad Zakeri"
BEHZAD ZAKERI
Chief Financial Officer

ON BEHALF OF THE DIRECTORS OF THE ISSUER:

(signed) "Pourang Taheri"
POURANG TAHERI

(signed) "Behzad Zakeri"
BEHZAD ZAKERI

THE PROMOTERS OF THE ISSUER:

(signed) "Pourang Taheri"
POURANG TAHERI

(signed) "Behzad Zakeri"
BEHZAD ZAKERI

(signed) "Hossein Ghandchi"
HOSSEIN GHANDCHI