CONFIDENTIAL OFFERING MEMORANDUM

This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. ***No securities commission or similar regulatory authority in Canada or in any other jurisdiction has passed on the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *This Offering Memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

Continuous Offering January 25, 2016

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

Up to CAD$100,000,000

Class A Preferred Shares

Atlantic Advantage Mortgage Investment Corporation ("AAMIC" or the "Corporation") hereby offers (the "Offering") Class A Preferred Shares in the capital of the Corporation (the "Shares") at $10.00 per Share subject to a minimum initial subscription of $25,000. The Corporation has the right to waive the minimum subscription.

Shares will be offered by the Corporation to eligible investors under certain prospectus exemptions under National Instrument 45-106 – *Prospectus Exemptions* ("NI 45-106") in accordance with the conditions specified in this Offering Memorandum.

This Offering Memorandum is submitted on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Shares. Use for any other purposes is not authorized. No person has been authorized to give any information or to make any representations regarding the Corporation or the distribution of the Shares other than as contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by the Corporation. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is submitted, and their professional advisors. Any decision to purchase Shares must be based solely upon the information contained herein.

An investment in Shares may be considered speculative due to the nature of the Corporation's business. The Corporation is subject to competition from other corporations which may have greater financial and technical resources competing in the same markets. The operations of the Corporation are dependent upon certain business risks. See "Risk Factors".

There is no market through which the Shares may be sold and no such market is expected to develop as a consequence of the subscription.

The Shares being distributed pursuant to this Offering Memorandum are subject to restrictions on resale until such time as: (i) appropriate hold periods under applicable securities laws have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the

Corporation is not a reporting issuer pursuant to applicable securities laws, the applicable hold periods may never expire, and if no further statutory exemption may be relied upon or if no discretionary order is obtained, this could result in a purchaser having to hold Shares for an indefinite period of time. The Corporation does not currently intend to file a prospectus or otherwise become a reporting issuer pursuant to applicable securities laws and accordingly it is not intended that the Shares will become freely tradable. See "Restrictions on Resale".

Purchasers of Shares pursuant to this Offering Memorandum are granted certain rights of withdrawal and rescission described herein under the heading "Purchaser's Rights of Withdrawal and Rescission".

EACH PURCHASER OF SHARES IS ADVISED TO CONSULT WITH THEIR OWN LEGAL ADVISOR AS TO THE COMPLETE DETAILS OF THE EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS BEING RELIED UPON AND THE CONSEQUENCES OF PURCHASING SHARES PURSUANT TO SUCH EXEMPTIONS.

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SUMMARY OF THE OFFERING

The following is intended to provide a summary only of the principal features of this Offering Memorandum and should be read in conjunction with the more detailed information appearing elsewhere herein.

The Corporation:	Atlantic Advantage Mortgage Investment Corporation was incorporated on February 24, 2014 pursuant to the *Business Corporations Act* (Ontario).
The Shares:	Class A Preferred Shares, see "Description of the Class A Preferred Shares".
Price:	$10.00 per Share.
Minimum Subscription:	2,500 Shares ($25,000). The Corporation has the right to waive the minimum subscription.
Maximum Offering:	The Shares are being offered on a continuous basis subject to a maximum offering issue of $100,000,000 (10,000,000 Shares). There is no minimum offering size. It should be noted that funds obtained pursuant to the Offering may not be sufficient to accomplish the stated objectives of the Corporation.
Use of Proceeds:	The net proceeds from the sale of the Shares will be used to invest in eligible investments as described in this Offering Memorandum.
Subscription Procedure:	An investor wishing to subscribe for Shares will be required to deliver a duly completed and executed subscription agreement in the form attached hereto as Schedule "A". Subscriptions for Shares will be received subject to rejection or acceptance in whole or in part by the Corporation in its absolute discretion, and the right is reserved to close the subscription books at any time without notice.
Risk Factors:	An investment in the Shares is subject to significant risks, including but not limited to the following: (a) the Shares will be subject to restrictions on resale and may only be resold if: (i) the appropriate "hold periods" under applicable securities laws have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws;

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	(b) the nature of the Corporation's business; and (c) the Corporation being subject to competition from other corporations which may have greater financial and technical resources.
Eligibility:	Eligible investors under certain prospectus exemptions under National Instrument 45-106 – *Prospectus Exemptions*.
Currency:	In this Offering Memorandum all monetary references, unless specifically indicated otherwise, are to Canadian dollars.

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ACTIVITIES OF THE CORPORATION

The investment strategy of the Corporation is to invest in a portfolio of residential and commercial mortgages from borrowers in market segments which are underserviced by large financial institutions. The Corporation intends to build a portfolio of residential and commercial mortgages as follows:

Residential Mortgages

At least 50% of the Corporation's assets, at cost, consists of mortgages on residential properties in Canada, including but not limited to, single family dwellings, duplexes, townhouses, condominium units and apartment buildings, land, income producing property, or cash on hand or deposit pending investment in mortgages.

Commercial Mortgages

Up to 50% of the Corporation's assets may consist of conventional mortgages on existing or proposed retail, commercial or industrial properties in Canada.

Other Investments

Investments may also be made from time to time in money market or comparable instruments, pending investment in mortgages.

Real Property

Up to 25% of the Corporation's assets may be invested directly in real estate properties held for income purposes.

The Corporation may acquire real estate properties by foreclosure or otherwise after default occurs on a mortgage held by the Corporation or by a third party.

It is anticipated that a substantial portion of the Corporation's mortgage investments will be located in medium to large urban population centres throughout Canada.

All investments will comply with the investment policies of the Corporation, as herein set out and as may be amended from time to time. The Corporation intends to conduct its affairs to qualify at all times as a mortgage investment corporation ("Mortgage Investment Corporation" or "MIC") under the *Income Tax Act* (Canada) (the "Income Tax Act"). (See "Risk Factors"). The Corporation will distribute, on a regular basis no less than quarterly, all of its net income and any net realized capital gains, as determined under the Income Tax Act, as dividends during each year or within 90 days of its year end (See "Dividend Policy"). As a Mortgage Investment Corporation under the Income Tax Act, the Corporation is allowed to deduct such dividends from income and as a result does not pay any income tax (See "Canadian Federal Income Tax Considerations") to the extent its income is so distributed. The Corporation may also employ leverage (i.e. borrowing funds to make investments) as determined by the Corporation and in the amounts and as prescribed by the Income Tax Act.

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THE CORPORATION

The Corporation was incorporated as a private corporation under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated February 24, 2014. The head office of the Corporation is located at 80 Acadia Avenue, Suite 211, Markham, Ontario, L3R 9V1; and its registered head office is located at the office of its solicitors Harris + Harris LLP, 2355 Skymark Avenue, Suite 300, Mississauga, Ontario, L4W 4Y6.

The Corporation will register extra-provincially (under applicable corporate and mortgage broker legislation) as necessary to carry out its activities in other jurisdictions.

Business of the Corporation

The Corporation intends to qualify at all times as a MIC under the Income Tax Act. The Corporation operates as a tax free "flow through" conduit of profit to its shareholders. See "Canadian Federal Income Tax Considerations".

The MIC criteria under the Income Tax Act permit revenue sources other than residential mortgages, including equity investments in real estate, investments in stocks and securities of Canadian companies and mortgage lending in respect of commercial real estate.

The only permitted undertaking of a Mortgage Investment Corporation under the Income Tax Act criteria is the investing of its funds and it is specifically prohibited from managing or developing real property.

The Corporation's business objective is to obtain a secure stream of income by optimizing its investment portfolio within the MIC criteria prescribed by the Income Tax Act. The Corporation's primary business is earning income through investing in residential and commercial loans to borrowers.

There is an established need for real estate mortgage financing that is not readily provided by banks, trust companies, credit unions and other traditional lenders. Short term mortgage financing is a continuing need of individuals, builders and real estate developers. As a result of their needs for flexibility and prompt approvals, they often require the services of private lenders and organizations such as the Corporation.

The rate of return the Corporation earns from its mortgage investments fluctuates with prevailing market demand for short term mortgage financing. In some cases, the Corporation's mortgage investments may not meet the financing criteria for conventional mortgages from institutional sources, and as a result, these investments generally earn a higher rate of return than that normally attainable from conventional mortgage investments. The Corporation attempts to minimize risk by being prudent in both its credit decisions and in assessing the value of the underlying real property offered as security.

These segments are populated by small to mid-sized borrowers who require custom tailored financing solutions to meet their capital requirements. The Corporation intends to enter into first mortgage and subordinated mortgage agreements with qualified mortgagors in the shoulder and mid-tier markets where borrower and financing needs are not being met by the larger financial institutions. All such mortgages are to be secured by the mortgagors' equity in residential and commercial properties and the terms of such mortgages will be consistent with terms of conventional mortgages having the usual and necessary provisions to constitute a full mortgage in good standing, properly registered in the appropriate land titles offices and having real property as the primary security for the mortgages. Although the Corporation will give priority to higher interest rate mortgages to prospective mortgagors who cannot obtain mortgage funding through more conventional sources, the primary focus throughout will be on capital preservation.

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The Corporation intends to maintain a mix of mortgage types in its portfolio including first and subordinated residential mortgages, commercial mortgages, builder mortgages, development and construction mortgages and term financing mortgages on income producing properties. The Corporation initially expects that its typical loan size will range from $25,000 to $1,000,000. The Corporation has established a policy that limits its credit exposure to any one borrower to less than 10% of the total value of the portfolio. At the initial onset of the Corporation's activities, the concentration limit may be exceeded; however, the Corporation, once a reasonable sized portfolio of mortgages has been achieved, intends to attempt where reasonably possible to adhere to the concentration limits.

The Corporation has entered into a Management Services Agreement (the "Management Agreement") with Atlantic Advantage Management Inc. (the "Manager") to manage the mortgage investment portfolio of the Corporation. See "The Manager".

The Manager is responsible for managing the Corporation's mortgage investment portfolio and is responsible for managing the day-to-day operations and business affairs of the Corporation. The Management Agreement sets out these relationships and, among other things, requires the Manager to comply with and observe all laws that apply to the Corporation, its investments and its securities. The Manager will obtain opinions from such counsel as it deems necessary in connection with such compliance. The Management Agreement will allow the Manager to delegate permitted activities to an investment manager. The entity to which such responsibilities may be delegated may be an affiliate of the Manager or the Corporation or an entity related to the Corporation or the Manager. Accordingly, the Corporation does not have and does not expect to have any employees other than the officers listed under the heading "Directors, Management, Promoters and Principal Holders".

To facilitate the MIC's investments in the mortgage lending industry, the Corporation has entered into a Mortgage Investment Services Agreement (the "Investment Services Agreement") with Atlantic (HS) Financial Corporation. (the "Investment Manager"). See "The Investment Manager".

The Investment Services Agreement provides that the Investment Manager will make available to the Corporation for purchase, in the Corporation's name or in the name of the Investment Manager or its affiliates on the Corporation's behalf, mortgages or interests in mortgages as and when they become available. The Investment Services Agreement also sets out, amongst other things, the role and responsibilities of the Investment Manager in overseeing the day to day mortgage investment and the mortgage administrative services of the Corporation's mortgage investment portfolio and shall adhere to the Corporation's investment strategy and abide by the directions of the Manager of the Corporation.

Investment Policies, Practices and Restrictions

Subject to the right of the Corporation, in consultation and upon notice to the Manager, to revise the following restrictions at any time and from time to time, the Corporation has established certain restrictions on investments that may be made by it as follows:

(a) The Corporation can invest in commercial mortgages, construction mortgages, development mortgages, residential mortgages and short-term bridge-financing loans. Investments will be made by purchasing interests in mortgages offered for sale by the Manager.

(b) The Corporation will invest only in first mortgages or subordinated mortgages.

(c) A residential first mortgage may not exceed 80% of the appraised value of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.

(d) A residential subordinated mortgage may not exceed 85% of the appraised value of the underlying real property securing the mortgage or 75% if the appraised value of the underlying real property securing the mortgage exceeds $800,000, as determined by a qualified appraiser and calculated at the time of commitment.

(e) Commercial first and subordinated mortgages may not exceed 75% of the appraised value (net of any first mortgage) of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.

(f) Mortgages in which the Corporation invests may contain clauses permitting the mortgagor, when not in default, to renew the mortgage for additional terms at the sole discretion of the Manager and not the borrower.

(g) The Corporation may borrow funds in order to acquire or invest in specific mortgage investments or mortgage portfolios in amounts up to 50% of the book value of its portfolio of mortgages and at an interest rate less than the interest rate charged by the Corporation on the corresponding mortgage investment or portfolios to be acquired with such borrowed funds.

(h) The Corporation may participate in mortgages on a syndication basis, subject to the approval by the Corporation's credit committee.

In addition, the Corporation has established the investment guidelines set out below that are consistent with the Corporation's articles of incorporation, the provisions of the Income Tax Act and real estate legislation applicable to the Corporation.

(a) The Corporation's only undertaking will be to invest the Corporation's funds in accordance with its investment objectives, strategies and restrictions.

(b) All mortgages will, following funding, be registered on title to the subject property in the Corporation's name, the Manager, or its affiliates, or a nominee for the Corporation or the Manager.

(c) No more than 50% of the Corporation's assets will be invested in mortgages over commercial and industrial real estate.

(d) The Manager intends to apply known and established procedures in the evaluation of mortgage opportunities.

(e) The Corporation will not knowingly make any investment that would result in its failing to qualify as a MIC or which investment would reasonably be expected to impair its status as a MIC.

(f) The Corporation will not invest for the purposes of exercising control over management of any company.

(g) The Corporation will not make short sales of securities or maintain a short position in any securities.

(h) The Corporation will not guarantee the securities or obligations of any person.

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(i) To the extent that the Corporation's funds are not invested in mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or will be invested by the Manager on the Corporation's behalf in short term deposits, savings accounts or government guaranteed income certificates or treasury bills so as to maintain a level of working capital for the Corporation's ongoing operations considered acceptable by its directors.

(j) The Corporation does not loan money to, or invest in, securities of the Manager, or the Manager's affiliates or other non-arm's length parties, other than investments in mortgages provided by the Manager under the Management Agreement.

The Corporation's investment policies, strategies, practices and restrictions set out above may be amended, supplemented or replaced from time to time by unanimous approval of the Corporation's Board of Directors. Notwithstanding the foregoing, if at any time a government or regulatory agency having jurisdiction over the Corporation enacts any law, regulation or requirement which is in conflict with the Corporation's investment policies, strategies, practices or restrictions, the Board of Directors has the authority to amend such policies, strategies, practices and restrictions to conform with applicable laws and regulations which shall not require the prior consent of the Shareholders. It is anticipated that the Manager will provide the Corporation with assistance from time to time on revising of the foregoing policies, strategies, practices and restrictions in order to comply with applicable legislation. In the event of any amendment to the foregoing policies, strategies, practices and restrictions, the Manager will be required to comply with and observe such change immediately upon such change becoming effective.

Investment Growth Strategy

As part of its growth strategy, the Corporation may develop and execute a strategy of consolidation within its target markets that may involve purchasing existing mortgages or mortgage portfolios from lenders currently competing in these markets. Purchases may be satisfied by cash payment or issuance of securities of the Corporation.

The Corporation also intends to enter into foreclosure situations to assume existing mortgages presently in arrears on residential or commercial lands (including mortgages held by the Corporation) and intends to purchase residential or commercial lands directly from landowners and mortgagors with a view to reselling the aforesaid lands for profit. Such purchases may be satisfied by cash payment or issuance of securities of the Corporation.

Investment Policy and Portfolio Development

The Corporation's mortgage portfolio will consist of mortgages, or interests therein, secured by a range of properties and reflect, among other things, the following characteristics:

- A majority of mortgage investments are to be less than, or have a funding cap of less than, $1.5 million, with a larger concentration of mortgage investments being less than $0.5 million;
- Payment schedules consist primarily of interest only;
- Mortgages are generally written for terms of two years or less;
- Mortgage investments are secured by real property and are denominated in Canadian dollars; and
- Mortgages are syndicated where it is deemed appropriate.

The investment policy of the Corporation is further developed to recognize credit risk and concentration risk within the mortgage investment portfolio as well as on capital preservation.

Credit risk is managed through the maintenance of a diversified mortgage portfolio, conservative underwriting and diligent and pro-active mortgage servicing provided by the Manager (and, indirectly, the Investment Manager).

Concentration risk can be on geographic concentration, mortgage type, specific borrower, specific property or specific industry. The Corporation's investment policy accordingly establishes the following restrictions:

(a) Geographic Concentration Limits

- Up to 100% of the mortgage portfolio can be invested in medium to large urban population centres;
- Investments in other than a medium to large urban population centre will not exceed 5% of total mortgage portfolio by value;

(b) Mortgage Type Concentration Limits

- Up to 100% of the mortgage portfolio may be invested in conventional first mortgages, insured mortgages, AAA rated mortgage backed securities and/or related investments;
- Commercial mortgages, construction mortgages, development mortgages or interests therein, must be located in medium to large urban population centres and in aggregate, cannot exceed 50% of total mortgage portfolio by value;
- Commercial mortgage backed securities ("CMBS") that are not AAA rated mortgage backed securities cannot exceed 10% of mortgage portfolio by value;
- Borrowing exposure from related parties to the Corporation cannot exceed an amount equal to 25% of the book value of the mortgage investments held by the Corporation as at the date of drawdown of the borrowed funds.
- Bridge-financing loans in the aggregate cannot exceed 15% of total mortgage portfolio by value.

(c) Borrower Concentration Limits

- The Corporation cannot invest or acquire a mortgage with a single borrower if the aggregate of the book value of such investment and the book value of the mortgages, loans or investments already provided to or with such single borrower would exceed 10% of the total mortgage portfolio by value;
- No more than $5 million or 10% of the Corporation's total mortgage portfolio by value, whichever is less, can be invested in any one single-unit residential property, multi-unit residential property, bridge-financing, non-residential property, construction loan or development loan;
- No more than $5 million or 10% of the Corporation's total mortgage portfolio by value, whichever is less, can be invested in any one single conventional mortgage borrower or a group of related conventional mortgage borrowers with properties in a medium to large urban population centre;
- No more than $2.50 million or 5% of the Corporation's total mortgage portfolio by value, whichever is less, can be invested in any one single conventional mortgage

borrower or a group of related conventional mortgage borrowers with properties in other than a medium to large urban population centre;

- No more than 10% of the Corporation's total mortgage portfolio by value can be invested in any commercial mortgage backed securities pool class, unless it is required for risk management purposes only;

Borrowing Strategy

Management believes that utilization of a modest level of borrowing may significantly enhance the total return to the Shareholders.

The Corporation may from time to time borrow funds from other entities which will enable it to make its use of funds much more efficient since such borrowing allows the Corporation to operate without having excessive uninvested funds on hand due to the variable and unpredictable nature of funding commitments and investor inflows and outflows.

The Corporation intends to establish a funding facility with arm's length third party financial institutions pursuant to which the Corporation has access, on a revolving basis, to funds in the maximum amount not exceeding 50% of the book value of the mortgages held by the Corporation as at the date of drawdown of the borrowed funds. The Corporation will use the revolving facility to take investment positions in eligible mortgages acquired by the Corporation directly or by a participating beneficial interest, at times when funds are not immediately available from other sources (such as subscription proceeds from investors).

The Corporation may also from time to time borrow funds from arm's length entities with a view to obtaining a spread between the interest rate payable to the Corporation on the mortgage investments made with the proceeds of such borrowings and the interest rate paid by the Corporation in respect of such borrowings. Such borrowings are subject to the restriction that the total indebtedness from such entities may not exceed 50% of the book value of the mortgages held by the Corporation as at the date of drawdown of the borrowed funds. The Manager believes that this borrowing strategy will further enhance the aggregate interest yield on the Corporation's mortgage portfolio.

Additionally, the Corporation will earn a positive interest rate spread between the interest earned from investing such borrowings and the interest rate paid by the Corporation on those borrowings.

At present, the Corporation has not secured any credit facilities with any lenders; however, at any time in the future, the Corporation may do so.

The Corporation intends to limit the use of leverage to less than 50% of the value of the underlying assets, which is substantially less than the 3:1 leverage allowed for MICs under the Income Tax Act.

It is probable that debt instruments will be secured by a charge against the assets of the Corporation, and in the event of liquidation or wind up, such debt instruments and borrowings will rank in priority to the rights of the shareholders of the Corporation.

History of the Corporation

The Corporation has only recently been incorporated and consequently has a limited operating history to date.

The Corporation commenced operations on July 1, 2014.

The dividend record to date is illustrated below:

Period Ended	Annualized Percentage Rate
June 30, 2015	8%
December 1, 2015	8%
Since inception	8%

An amount of $100,000 invested on July 1, 2014 would have a present value as at June 30, 2015 of $108,000 (assuming no reinvestment of dividends).

As at June 30, 2015, the Corporation's loan/mortgage portfolio had a book value of $1,300,000. Subsequent to June 30, 2015, the Corporation funded an additional $4,422,600 such that as at the date of this Offering Memorandum, the Corporation's portfolio has a book value of $5,722,600.

As at the date of this Offering Memorandum, the weighted average loan-to-value of the mortgage portfolio is 38.10% with a weighted average term to maturity of 9.65 months. The entire investment portfolio is comprised of first and subordinated mortgages that are in good standing.

For additional information, please refer to the Corporation's Annual Report annexed hereto as Schedule "D".

A mortgage is considered in default when a payment has not been received by the contractual due date, or a term in the mortgage agreement has been breached. Mortgages that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest.

Corporation's Credit Committee

The Corporation has established a credit committee (the "Credit Committee") to review all proposals regarding investment decisions and to approve or reject such proposals. These include investments and/or loans by the Corporation, borrowings by the Corporation and acquisitions and/or dispositions. The Credit Committee meets as required and in any event no less than quarterly to provide strategic guidance and direction. The Credit Committee will be appointed by the Directors of the Corporation. The Credit Committee is comprised of Francisco J. C. Bandera, Dr. Collin Hong, Mr. Kai W. Tsang, Shing Bun Tung, Frank Pa (non-voting member) and Jeffrey Wong.

Corporation's Investment Committee

The Corporation, at this time, has not established an investment committee and will instead rely on the provision of such services from the Manager, who may in turn delegate some of such responsibilities to an investment manager which, initially shall be Atlantic (HS) Financial Corporation, but may be changed at the discretion of the Manager. The Manager, in conjunction with any such investment manager appointed, shall, in addition to other responsibilities, adjudicate and advise on transactions involving a potential conflict and interest, approve or reject investments in acquisitions of mortgages which may adversely affect the status of the Corporation as a MIC and deal with such other matters as may be referred to them by the Corporation.

Shareholders Agreement

The common shareholders of the Corporation have entered into a shareholders agreement, setting forth the manner in which certain of the affairs of the Corporation shall be conducted and governing matters related to their shareholdings of the Corporation (the "Shareholders Agreement"). The Shareholders Agreement provides that the board of directors of the Corporation shall consist of five (5) directors. The Shareholders Agreement provides that certain fundamental matters, such as amendments to the Corporation's articles or by-laws, the issuance or transfer of Common Shares other than as provided for in the Shareholders Agreement, the winding-up, dissolution or termination of the Corporation and any material change in the business of the Corporation, must be approved by unanimous consent of the holders of the Common Shares who are a party to such. Upon a death, bankruptcy, default or such other similar event, of a holder of Common Shares the other holders of Common Shares shall have the option to purchase all of the Common Shares owned by such retiring or deceased shareholder, and if not purchased by the remaining holders of Common Shares, the Corporation shall have the option to purchase the Common Shares of such retiring/deceased shareholder for cancellation in either of which events the nominees on the board of directors and as officers of the Corporation allocated to such retiring/deceased shareholder shall resign. The Shareholders Agreement also sets forth a right of first refusal granted to the holders of Common Shares, whereby any bona fide offer from a third party to purchase the Common Shares from a holder of Common Shares must be given to the other holders of Common Shares for consideration and such shareholders shall have the option to purchase the offered Common Shares at the same price and on the same conditions set forth in the third party offer, prior to any sale being made with such third party.

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CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

No application has been made for an advance income tax ruling with respect to the investment described in this Offering Memorandum nor is it intended that any application be made.

Each investor should consult his own professional advisers to obtain advice on the tax consequences that apply to the investor. No opinion from the Corporation's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all encompassing and should not be construed as specific advice to any particular investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Shares offered should be based primarily on the merits of the investment as such and on an investor's ability to bear any loss that may be incurred.

The Corporation has prepared the following commentary, which it believes is a fair and adequate summary of the principle federal income tax consequences arising under the Income Tax Act to an investor who acquires Shares under this Offering Memorandum.

The income tax consequences will not be the same for all investors, but may vary depending on a number of factors, including whether Shares acquired by such investor will be characterized as capital property, and the amount such investor's taxable income would be but for his participation in this Offering.

The following discussion of the Canadian income tax consequences is, therefore, of a general and limited nature only and is not intended to constitute a complete analysis of the income tax consequences and should not be interpreted as legal or tax advice to any particular investor. This summary does not address provincial or territorial laws of Canada or any tax laws of any jurisdiction outside of Canada. Each prospective investor should obtain advice from its own independent tax advisor as to the Canadian federal and provincial income tax consequences of an acquisition of Shares.

This summary is based on the Corporation's understanding of the current provisions of the Income Tax Act, the Regulations to the Income Tax Act, and the current administrative and assessing practices of Canada Revenue Agency, Taxation ("CRA").

This summary outlines the Canadian federal income tax consequences to an investor based on important facts and assumptions as set out by the Corporation in the Offering Memorandum and particularly on additional facts and assumptions as follows:

(a) investors are, and will not cease to be, persons resident in Canada;

(b) investors acquire Shares pursuant to this Offering Memorandum and hold the Shares as capital property;

(c) investors hold Shares for the purpose of earning income and have a reasonable expectation of earning a profit from holding the Shares; and

(d) the Corporation will qualify at all material times as a MIC for the purposes of the Income Tax Act.

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It is incumbent upon prospective investors to fully investigate and substantiate the expectations above and, with respect to the assumption stated in (c) above, it is incumbent on an investor to investigate and substantiate his expectation of earning a profit from holding Shares, having regard to his expected financing costs and any projections he may wish to obtain from the Corporation.

There is no assurance the Income Tax Act and related regulations will not be amended in a manner that fundamentally alters the income tax consequences to investors who acquire or dispose of Shares. This summary does not take into account any changes in law, whether by way of legislative or judicial action.

The Corporation

As a MIC, the Corporation is subject to special rules under the Income Tax Act that permit the Corporation to be operated, in effect, as a tax free "flow through" conduit of its profit to its Shareholders. The income of the Corporation for purposes of the Income Tax Act includes interest earned and the taxable portion of any net realized capital gains.

The Corporation is permitted to deduct from its net income all taxable dividends it pays to its Shareholders, other than capital gains dividends, and the taxable portion of its net realized capital gains distributed to Shareholders as capital gains dividends within the periods prescribed by the Income Tax Act. If and to the extent the Corporation has income after these and other applicable deductions, such income is subject to the prevailing tax rates applicable to a public corporation. The Corporation intends to pay out as dividends substantially all of its net income and net realized capital gains each year, and as a result the Corporation anticipates it will not be liable to pay income tax in any year.

Section 130.1 of the Income Tax Act sets out the criteria governing a MIC. In order to qualify as a MIC for a taxation year, a Corporation must have met all of the following criteria throughout that taxation year:

1. The Corporation was a Canadian corporation as defined under the Income Tax Act.

2. Its only undertaking was the investing of its funds and it did not manage or develop any real property.

3. None of the property of the Corporation consisted of:

    (a) debts owing to the Corporation that were secured on real property situated outside Canada;

    (b) debts owing to the Corporation by non-resident persons, except any such debts that were secured on real property situated in Canada;

    (c) shares of the capital stock of companies not resident in Canada; or

    (d) real property situated outside of Canada, or any leasehold interests in such property.

4. It had at least 20 shareholders, and no one shareholder together with related parties to that shareholder owned, directly or indirectly, at any time, more than 25% of the issued shares of any class of shares of the Corporation.

5. Any holders of preferred shares of the Corporation must have had the right after payment to them of their dividends, and payment of dividends in a like amount per share to the holders of common shares of the Corporation, to participate *pari passu* with holders of the common shares in any further payment of dividends.

6. The cost amount (as defined in the Income Tax Act) to the Corporation of such of its property consisting of:

   (a) loans secured, whether by mortgages, hypothecs or in any other manner, on houses (as defined in the *National Housing Act*) or on property included within a housing project; and

   (b) amounts of any deposits standing to the corporation's credit in the records of:

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

      (ii) a credit union,

   plus the amount of any cash of the Corporation on hand must at all times be at least 50% of the cost amount to it of all of its property.

7. The cost amount of all of the Corporation's real property, including any leasehold interests in such property, will at no time exceed 25% of the cost amount of all of its property (excluding any real property acquired after default made on a mortgage, hypothec or agreement of sale of real property whether it be by way of foreclosure or otherwise).

8. The Corporation's liabilities at any time in the year must not exceed three times the amount by which the cost amount to it of all of its property exceeds its liabilities, if at any time in the year the cost amount to the Corporation of the properties referred to above under item 6 (50% asset test) is less than two thirds of the cost amount to the Corporation of all of its property. However, where at any time in the year the cost amount to a Corporation of the properties referred to above under item 6 (50% asset test) is equal to two thirds or more of the cost amount to the Corporation of all of its property, the liabilities of the Corporation must not exceed five times the excess of the cost amount to the Corporation of all of its property over such liabilities.

The Corporation is responsible for all of its taxes, legal, audit, shareholder communication, operating and administrative costs and expenses, plus expenses associated with the acquisition, disposition and enforcement of the portfolio investments, except as outlined below under the section entitled "Management Expenses".

Shareholders

Dividends

Taxable dividends, except capital gains dividends, received by a holder of Shares (a "Shareholder") are taxable in the hands of the Shareholder as interest and not as dividends. Capital gains dividends received by a Shareholder are treated as capital gains of the Shareholder, one half of which must be included as a "taxable capital gain" in computing the Shareholder's taxable income.

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Dispositions

A Shareholder will be considered to have disposed of their Shares when they assign or sells their Shares, their Shares are the subject of a gift, they die, or where the Corporation is wound up or otherwise terminated. Shares which are the subject of a gift or which are held by a Shareholder when they die are generally deemed to be disposed of for proceeds equal to fair market value at that time. However, in certain circumstances a capital gain or capital loss will be deferred where, by gift or bequest the Shares are transferred to the Shareholder's spouse or common law partner (as defined in the Income Tax Act) who was resident in Canada immediately before the Shareholder's death.

Generally, a Shareholder will realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds received, or deemed to have been received, on the disposition of Shares exceed (or are exceeded by) the adjusted cost base of the Shares.

Shareholders will include one half of any capital gain in computing taxable income as a "taxable capital gain." Similar proportions of a capital loss will be an "allowable capital loss" that may be used to offset taxable capital gains in the year the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gains in that year, it may be carried back three years and forward indefinitely to offset taxable capital gains realized in those years.

Interest on Money Borrowed to Purchase Shares

An investor will generally be entitled to deduct from his income reasonable interest paid or payable with respect to monies borrowed to acquire Shares, provided he has a reasonable expectation of profit from holding the Shares. Interest expense deducted by an investor will be included in computing his cumulative net investment losses.

Provisions in the Income Tax Act may allow a Shareholder to continue to deduct interest expense where the Shares are disposed of, provided certain criteria are satisfied.

Deferred Income Plans (RRSPs, RRIFs, TFSAs and Deferred Profit Sharing Plans)

Eligibility for Investment by Deferred Income Plans

As long as the Corporation is qualified as a MIC under the Income Tax Act, the Shares will be qualified investments for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income funds ("RRIF"), deferred profit sharing plans and tax free savings plans ("TFSA"), provided the Corporation does not hold any debt of an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the plan trust or of any other person who does not deal at arm's length with that person.

Interest Expense Regarding RRSP/TFSA Contributions

Interest and other borrowing costs incurred by a Shareholder for the purpose of making a contribution to an RRSP or a TFSA are not deductible. Therefore, if a Shareholder holds Shares in an RRSP or a TFSA, the shareholder would not be eligible to deduct from his income any interest expense on money borrowed for the purpose of acquiring the Shares held in the RRSP and TFSA.

Distributions Received From Corporation by RRSP

As noted, taxable dividends are deemed to be interest income to the Shareholder which, together with one half of capital gains dividends, are added to the Shareholder's taxable income if the Shares are held personally by the Shareholder.

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In most situations, such distributions paid on Shares held by an RRSP will not be subject to tax until the funds are withdrawn from the plan. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP on withdrawal of the funds from the RRSP.

RRSP Contribution Limits

An individual may contribute cash or eligible property (such as a Share) to an RRSP in a calendar year or within 60 days after the end of the year, and may claim a deduction for that calendar year to the extent the amount contributed does not exceed the limits specified by the Income Tax Act. The amount of an individual's contribution will be equal to the fair market value of any property contributed as of the day of contribution. An indefinite carry forward of unused RRSP deduction room is available in the event contributions made to an RRSP for a particular year are less than the allowable contribution for that year.

The transfer of a Share to an RRSP will result in the deemed disposition for income tax purposes at an amount equal to the fair market value of the Share at the time of the transfer. For an individual Shareholder who holds a Share as capital property, the disposition will result in a capital gain equal to the excess of the fair market value of the Share over its adjusted cost base. Should the fair market value of the Share be less than its adjusted cost base upon contribution to the RRSP, no capital loss will be allowed.

Funds or property withdrawn from an RRSP are taxable to the annuitant under the RRSP in the year of withdrawal.

Prohibited Investment for RRSPs/RRIFs and TFSAs

While the Shares may be a qualified investment for RRSP/RRIF and TFSA purposes, it is possible the Shares may be a prohibited investment, thus subjecting the Shareholder to tax. A prohibited investment includes a share of the capital stock of a corporation in which the RRSP/RRIF annuitant or TFSA holder does not deal at arm's length. A share of the capital stock of a corporation that does not deal at arm's length with a corporation in which the RRSP/RRIF annuitant or TFSA holder is a specified shareholder is also a prohibited investment. A specified shareholder, in general, includes a taxpayer who holds, directly or indirectly, at any time in the year, not less than 10% of the issued shares of any class of the capital stock of the corporation or any other corporation which is related to it; and, a taxpayer shall be deemed to own each share of the capital stock of a corporation owned at that time by a person with whom the taxpayer does not deal at arm's length.

Shareholders should consult their own tax advisors in determining whether these Shares may be a prohibited investment.

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DESCRIPTION OF THE CLASS A PREFERRED SHARES

The Corporation is offering Class A Preferred Shares for sale at a price of $10.00 per Share. The rights and restrictions attaching to Class A Preferred Shares are as follows:

Non-Voting

Except as otherwise required by applicable law, the holders of Shares are not entitled to notice of, or to attend or vote at, meetings of the Corporation.

Holders of the Shares are not entitled to dissent rights as prescribed by the *Business Corporations Act* (Ontario) in respect of any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Shares, or increase any maximum number of authorized shares of such class or series having rights or privileges equal or superior to the Shares; (b) effect an exchange, reclassification or cancellation of the Shares; or (c) create a new class or series of shares equal or superior to the Shares.

Redemption by the Corporation

The Corporation in its discretion may redeem all or any portion of the Shares upon providing the holders thereof with not less than 21 days' notice and payment of the Redemption Amount (as defined below). Upon completion of the redemption process, the redeemed Shares shall be cancelled.

If not all of the outstanding Shares are to be redeemed, the Shares to be redeemed shall be selected by and at the discretion of the board of directors of the Corporation. Without limiting the generality of the foregoing or restricting such discretion in any manner, the board of directors of the Corporation may select for redemption all or any part of the Shares held by a holder or holders to the exclusion of the Shares held by any other holder or holders of Shares or may redeem Shares held by some or all of the holders thereof in proportionate amounts.

The amount to be paid by the Corporation in respect of each Share to be redeemed will be the Redemption Amount as hereinafter defined.

Early Redemption on the Death of a Shareholder

Upon notification in writing to the Corporation of the death of a Shareholder, the Corporation undertakes to have the Shares redeemed within 90 days of such notification subject only to the Corporation being able to do so under applicable laws.

Compassionate Early Redemption

The Corporation may consider applications for early redemption, but only under special circumstances.

It is important to note the decision as to whether or not to grant an early redemption is at the sole discretion of the Corporation and otherwise dependent upon the ability of the Corporation to do so under applicable laws.

A Shareholder may apply to the Corporation for an early redemption of all or part of the Shareholder's Shares, provided the date of application for early redemption is at least 90 days prior to the redemption date. The Corporation may then consider redeeming the requested number of Shares on or before the last day of the quarter immediately following the quarter in which the request for redemption is made.

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Redemption Rights - General

Subject to the following, a Shareholder may request the Corporation to redeem all or any portion of its Shares at the end of any calendar quarter:

(a) During the period that is 4 months and one day up to and including the date which is 12 months from the date of issuance of the Shares to be redeemed (the "Issuance Date"), the Redemption Amount shall be reduced by 5%;

(b) During the period that is 12 months and one day up to and including the date which is 24 months from the Issuance Date, the Redemption Amount shall be reduced by 3%; and

(c) During the period that is 24 months and one day up to and including the date which is 36 months from the Issuance Date, the Redemption Amount shall be reduced by 2%.

The amount payable by the Corporation in respect of each Share to be redeemed shall be due 15 days after the redemption date.

Shareholders wishing to redeem Shares must submit written notice of such intention to the Corporation prior to the last business day of the preceding calendar quarter in which Shares are intended to be redeemed. Only whole Shares may be redeemed unless it is the Shareholder's entire investment in the Corporation that is being redeemed.

Redemption proceeds will be paid in Canadian Dollars in accordance with a Shareholder's instructions and within 15 days following the redemption date. There is no redemption fee, and the Corporation will bear all handling costs, including customary bank charges, etc.

The Corporation has the discretion to reject or defer any redemption application by a Shareholder where, in the view of the Corporation, such redemption will result in the Corporation failing to qualify as a MIC under the Income Tax Act or which would otherwise be contrary to applicable laws.

The "Redemption Amount" is an amount equal to the amount paid up on the Shares together with all dividends declared thereon and unpaid as at the redemption date. The redemption date shall be the last day of the first full quarter following the quarter during which the redemption notice was given.

The board of directors of the Corporation has the sole discretion, including after receiving a redemption request, to suspend the ability of a Shareholder to obtain redemption of their Shares, where in the reasonable opinion of the board of directors, the payments to be made by the Corporation on the exercise of redemption requests by Shareholders would be materially prejudicial to the interests of the Corporation as a whole.

Redemption Rights - Substantial Shareholders

Notwithstanding the redemption rights outlined in the preceding section ("Redemption Rights – General"), in the interests of all Shareholders of the Corporation certain restrictions may, in the sole discretion of the board of directors, be placed on Substantial Shareholders (as hereinafter defined).

A Substantial Shareholder is defined as a Shareholder who together with parties related to that Shareholder (as defined in the Income Tax Act) holds a total number of Shares which is equal to or greater than 10% of the total number of Shares outstanding.

As long as a particular Shareholder is classified as a Substantial Shareholder they will be restricted to redeeming no more than 20% of their Shares in any quarter.

Redemption Agreements

The Corporation may, from time to time, enter into specific agreements with holders of Shares providing for payments of early redemption fees (based on a discount of the redemption price payable) where Shares are sought to be redeemed within certain stipulated periods of time from their issue date.

Dividend Policy

The Corporation pays out as cash dividends substantially all of its net income and net realized capital gains every year. The dividends are calculated and paid on a quarterly basis within 15 days after the end of each calendar quarter and in any event within 90 days of its year end. The payment of dividends is subject to the discretion of the board of directors to establish working capital and other reserves for the Corporation. The dividend frequency may be changed to a more frequent payment (such as monthly) at the discretion of the board of directors.

Pre-emptive Rights

Except as otherwise required by law, the holders of Shares are not entitled as such to subscribe for, purchase, or receive any part of any issue of shares, bonds, debentures or other securities of the Corporation.

Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its Shareholders for the purpose of winding up its affairs, the Corporation will distribute the assets of the Corporation among the Shareholders in the following order of priority:

(a) First, to the holders of the Shares, an amount equal to the Redemption Amount attributed to the Shares plus all declared and unpaid dividends; and

(b) Second, the balance, if any, to the holders of the Common Shares.

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DESCRIPTION OF THE COMMON SHARES

Voting

The common shares of the Corporation ("Common Shares") are the only voting shares of the Corporation; other than in certain specific statutory excepts where other shares of the Corporation may be entitled to certain limited voting rights.

Liquidation, Dissolution and Winding Up

The holders of the Common Shares, subject to repayment of the Redemption Amount to holders of the Shares, shall be entitled to receive the remaining property of the Corporation on a winding up or dissolution.

Dividend Policy

The Common Shares shall not be entitled to participate in any dividends of the Corporation.

CAPITALIZATION

Description of Security	Number authorized to be issued	Number outstanding at December 31, 2015
Common Shares	Unlimited	100
Class A Preferred Shares	Unlimited	266,237

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

The following table sets out the specified information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of the Common Shares of the Corporation.

Name and Municipality of Residence	Positions held and the date of obtaining such position	Number and type of voting securities of the Corporation held
Frank S. Pa 16 Sixteenth Lane, Markham, Ontario	Director, President & CEO Since February 24, 2014	9 Common Shares
Jeffrey L. Wong 393 Dudley Avenue, Toronto, Ontario	Director, General Manager & Chief Financial Officer, Treasurer Since February 24, 2014	9 Common Shares
Shing B. Tung 193 Dallimore Crescent, Toronto, Ontario	Director and Secretary Since February 24, 2014	9 Common Shares

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Name and Municipality of Residence	Positions held and the date of obtaining such position	Number and type of voting securities of the Corporation held
Debbie M. K. Lui 8 Gaspe Road, Toronto, Ontario	Director Since February 24, 2014	9 Common Shares
Dr. Collin Hong 302 Sheppard Ave. W., Toronto, Ontario	Director Since February 24, 2014	9 Common Shares
King Chung Lui 4 Welland Road, Markham, Ontario	Not Applicable	15 Common Shares
2205593 Ontario Ltd.[1] 31 Lailey Crescent, Toronto, Ontario	Not Applicable	22 Common Shares

Notes (1) 2205593 Ontario Ltd is 100% owned by Martin Ho.

Management Experience

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

Frank S. Pa*, AMP*
President & CEO, Director

Frank Pa is a graduate of the University of Toronto with a B.Sc. in Actuarial Science and Statistics. He worked for an international bank for 5 years as a senior manager before he became a mortgage broker in 1988. Mr. Pa is one of the founding partners of Atlantic (HS) Financial Corporation and Atlantic (HS) Capital Inc. He has over 30 years' experience in banking, mortgage brokering, and investment in residential and commercial real estate. Mr. Pa is a non-voting member of the AAMIC Credit Committee.

Jeffrey L. Wong*, C.A. (ICAS)*
General Manager & CFO, Treasurer, Director

Jeffrey Wong is a graduate of the University of Aberdeen (Scotland) with a M.A. (Accountancy) and is a member of the Institute of Chartered Accountant of Scotland since 1985. Mr. Wong has over 17 years of executive experience in the Canadian financial services industry. Mr. Wong was the audit, finance and risk management senior executive in two successful Canadian direct bank start-ups. He was also the Chief Financial Officer and Head of Finance & Risk Management at ING Mortgage Brokers Services and Dundee Wealth Bank respectively. Mr. Wong is a member of the AAMIC Credit Committee.

Shing B. Tung, *B.A.*
Secretary, Director

Mr. Shing Tung is a graduate of the University of Toronto with a B.A. in Economics. Mr. Tung is both a licensed insurance and mortgage agent. Mr. Shing Tung has 15 years of financial industry experience in promoting, compliance and licensing mortgage and insurance products with various financial institutions.

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Francisco J. C. Bandera, *MBA*
Credit Officer

Mr. Cervera is a graduate of Houston Baptist University (U.S.A.) and further acquired his MBA at Rotterdam School of Management in the Netherlands. He has over 24 year extensive senior experience in credit & risk management, business development and structured finance in the banking industry in Spain with ABN AMRO, BNL BNP Paribas, Banco Sabadell Atlantico and Bankia. Mr. Cervera was for 5 years, the Regional Manager of Corporate Banking with NCG Banco S.A. for the eastern part of Spain. He was responsible for the successful business development of an almost new corporate banking structure in the region and oversaw a portfolio of €1.425 Billion.

Dr. Collin Hong, *MD, FRCS(C)*
Credit Committee, Director

Dr. Hong, is a graduate of the University of Toronto where he obtained his Medical Doctor degree. He received his post-medical training from McMaster University and University of Manitoba and also received post fellowship training in various medical colleges in the United States. He is currently the Chief of Plastic Surgery at the Rouge Valley Health System and is also the founding director of Cosmetic Surgery & Skin Management Inc. Aside from his medical practice, Dr. Hong has been a venture capitalist for a number of years and has over 10 years investor experience in real estate, mortgages and other private lending business.

Debbie M. K. Lui
Director

Debbie Lui's background is in business and in the fields of paralegal and conveyancing. She is a well-respected and successful entrepreneur and restaurateur for close to 20 years in the Greater Toronto Area with latest venture at 'Kwan' in mid-town Toronto. Aside from her restaurant businesses, Ms. Lui has over 25 years of experience in real estate and mortgage investments.

Kai W. Tsang
Credit Committee Advisor

Kai W. Tsang completed the Honors Psychology program at McGill University (Montréal) and also graduated from a joint M.B.A. /LL.B. program at York University/Osgoode Hall Law School in Toronto. Mr. Tsang was called to the Bar in 1981 and has since been in private law practice with an emphasis on real estate, mortgages and leasing. Mr. Tsang also has experience in real estate development, energy resources financing and investment businesses.

In addition, Mr. Tsang served as a director on various community service organizations, an instructor on business law at the Faculty of Continuing Studies at the University of Toronto and a frequent contributor/host to a range of radio/television and community educational programs on law.

THE MANAGER

The Manager is a corporation incorporated under the laws of the Province of Ontario. The Manager is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any stock exchange or trading system. The Manager provides advisory services to real estate and mortgage investment companies.

The Manager's key personnel have been in the business of originating, underwriting, and servicing mortgages in the secondary mortgage market segments in Ontario since 1987, as well as extensive experience in finance and risk management in the retail banking and financial services industry. These

qualifications and experience put the Manager in an advantageous position to provide the Corporation with related management, administrative, advisory, mortgage lending and financing services.

The Manager's personnel have extensive experience in property management, mortgage lending and investment banking and also have established relationships with experienced owners, builders, developers and others active in the real estate industry. The Corporation believes the Manager is therefore suitably qualified to locate and recommend investment opportunities for the Corporation.

Management Agreement

The Corporation has retained the Manager pursuant to the terms of the Management Agreement, to administer the Corporation's business affairs on a day to day basis, to provide ongoing advice to the Corporation and to provide the Corporation with real estate, mortgage and financing services, subject to the supervision of the board of directors of the Corporation.

The Management Agreement has an initial term of ten years and is automatically renewable for further terms of ten years after the expiration of the initial term, unless terminated early in accordance with the terms of the agreement. The Corporation may only terminate the Management Agreement for cause or the insolvency of the Manager. The Manager may also terminate the Management Agreement for cause or the insolvency of the Corporation. The Management Agreement may not be amended except by the written agreement of the Manager and the Corporation.

The Management Agreement provides for (i) a maximum management fee of up to 4% per annum at the average gross proceeds under administration by the Corporation calculated and paid on a calendar monthly basis, and (ii) a performance fee up to 12.50% of the annual net operating income of the Corporation (the "Performance Fee") calculated and paid no less than on an annual basis; and only provided that the Corporation has paid out dividends to holders of the Shares equal to a rate of at least eight percent on a per annum basis for such annual period; failing which no Performance Fee shall be payable to the Manager for such annual period. For greater certainty, payment of the 8% per annum dividend rate to holders of the Shares is a pre-condition to payment of the Performance Fees; however, the dividend payments to holders of Shares are not included in the determination of annual net operating income of the Corporation.

Though the Corporation and the Manager expressly agree in the Management Agreement that neither the Management Agreement nor the relationship between the Corporation and the Manager establish the Manager as a fiduciary to the Corporation, the Manager has agreed it will exercise its powers and discharge its duties under the Management Agreement honestly, in good faith and in what it reasonably believes to be in the best interests of the Corporation.

The Manager will be given reasonable advance notice of, and has the right to attend and be heard, at all meetings of the Corporation's shareholders and board of directors, and any committees established by the board of directors. The Manager will be provided with copies of the minutes of and any resolutions passed at, all such meetings within a reasonable time after the meeting.

The Corporation acknowledges in the Management Agreement that the Manager and its shareholders, directors and senior officers have, or may have, interests and dealings in other companies, joint ventures, limited corporations and/or MIC's which are presently, or may in the future be, actively engaged in similar businesses as the Corporation. The Corporation agrees that neither the Manager nor its shareholders, directors or senior officers will be liable to the Corporation for any conflict of interest as a result of such other interests or dealings, and that such interests and dealings do not and will not constitute

a breach of the Management Agreement, even if competitive with the business of the Corporation, and even if the business opportunity could have been pursued by the Corporation.

The Manager will not be liable to the Corporation in respect of any loss or damage suffered by the Corporation, including any loss or diminution in the net assets (that is, the value of the Corporation's assets less its liabilities) of the Corporation, unless such loss or damage is a direct result of gross negligence, wilful misconduct, or dishonesty by the Manager in relation to its duties and responsibilities under the Management Agreement.

The Management Agreement also provides that the Corporation will indemnify the Manager and its directors, officers and employees from any claims arising in relation to the Manager's duties and responsibilities under the Management Agreement.

Responsibilities of the Manager

The Manager holds directly, or through subsidiary or associated companies, all licenses, permits and registrations necessary in Ontario or elsewhere, for the Manager to carry out its responsibilities under the Management Agreement. More specifically, among other things, the Manager:

- assists the Directors in formulating and modifying the Corporation's investment policies and objectives;
- uses its best efforts to source and present investment opportunities consistent with the Corporation's investment policies;
- provides information relating to proposed acquisitions, dispositions, financing and mortgage investments;
- services and administers the Corporation's investments on its behalf, maintaining records and accounts in respect of each eligible investment and reports thereon on a monthly basis;
- provides those services required in connection with the collection, handling, prosecuting and settling of any claims with respect to the Corporation's investments, including foreclosing and otherwise enforcing security interests securing the Corporation's investments;
- delivers portfolio reports on a regular basis with respect to the Corporation's investments and provides documentation and/or other information as requested.

The Manager is responsible for all fees and expenses incurred in connection with the underwriting, completion and administration of investments to the extent such fees and expenses are recoverable from borrowers.

Delegation of Responsibilities

Pursuant to the terms of the Management Agreement, the Manager may delegate responsibilities for matters it does not have sufficient expertise to carry out or where regulatory or licensing requirements would require delegation to an approximately license or regulated entity. The Manager shall pay for all services delegated and related to fees payable to the Manager, unless otherwise specifically agreed between the Manager and the Corporation.

Officers and Directors of the Manager

The Officers and Directors of the Manager are as follows:

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- Frank S. Pa (President and CEO, Director);
- Jeffrey Wong (General Manager & CFO, Director);
- Shing B. Tung (Secretary, Director);
- Debbie M. K. Lui (Director) ;
- Dr. Collin Hong (Director);
- Franscisco J. Cervera (Credit Officer);
- Mr. Kai W. Tsang (Credit Committee Advisor).

The directors and officers of the Manager and the Corporation initially are the same; however, may differ over time and consequently conflicts of interest could arise between the Manager and the Corporation. The shareholders of the Manager are the same as the common share shareholders of the Corporation.

FINANCIAL STATEMENTS

The audited annual financial statements for the Corporation as at June 30, 2015 are annexed hereto in Schedule "D" as part of the Corporation's Annual Report.

THE INVESTMENT MANAGER

The Investment Manager is a corporation incorporated under the laws of the Province of Ontario. The Investment Manager is registered in the Province of Ontario as a mortgage broker under the *Mortgage Brokerages, Lenders and Administration Act, 2006* (Ontario) operating under Mortgage Brokerage License No. 10422.

The Investment Manager's key personnel have been in the business of originating, underwriting, and servicing mortgages in the secondary mortgage market segments in Ontario since 1987. These qualifications and experience put the Investment Manager in an advantageous position to provide the Corporation with related management, administrative, advisory, mortgage lending and financing services.

The Investment Manager's personnel have extensive experience in property management, mortgage lending and investment banking and also have established relationships with experienced owners, builders, developers and others active in the real estate industry. The Corporation believes the Investment Manager is therefore suitably qualified to locate and recommend investment opportunities for the Corporation.

Officers and Directors of the Investment Manager

Frank S. Pa is the sole director and officer of the Investment Manager (Atlantic (HS) Financial Corporation); consequently, notwithstanding the fact that Mr. Pa is a non-voting member of the Credit Committee of the Corporation, conflicts of interest could arise between the Investment Manager and the Corporation as a result of Mr. Pa being an officer and director of both.

COMPENSATION OF THE MANAGER AND THE INVESTMENT MANAGER

In consideration of the services provided by the Manager as described above, the Management Agreement provides that the Corporation will pay to the Manager management fees equal to the following:

Administration fees in respect of the Manager's general management and advisory services in an amount equal to a percentage per annum of the net investment portfolio of the Corporation, calculated and paid monthly (the "Administration Fee").

Underwriting fees in respect of any underwriting, commitment, brokerage or renewal services, in an amount equal to any underwriting, commitment, brokerage, renewal or similar fees set out in the commitment for the mortgage investments. The underwriting fees shall only be payable to the Manager to the extent that they are recovered from the borrowers.

Ancillary fees as set out in the security documents with the borrowers as compensation or reimbursement for overhead expenses. The ancillary fees shall only be payable to the Manager to the extent they are recovered from the borrowers. Examples of ancillary fees include fees for statements, late payments, enforcement, insurance, inspections, dishonoured cheques and defaults.

Service fees in respect of any project monitoring, property management, mortgage or real estate services are provided on an ad hoc basis upon agreement of the parties at the time. The Corporation will pay the Manager as agreed between them at the time the particular service is initiated, but in no case will the Manager be paid a fee which is greater than fair market value for the services performed.

The annual Administration Fee payable by the Corporation to the Manager, will not exceed 4.0% of the net assets of the Corporation per annum. The Administration Fee will be reviewed annually by the Corporation and the Manager, however in no event will there be a change in the Administration Fee unless the Corporation and the Manager agree in writing. The Investment Manager shall be retained by the Manager to provide services on behalf of the Corporation and the Investment Manager shall not charge any fees directly to the Corporation but shall invoice the Manager and, where appropriate, the Manager shall then invoice the Corporation for any costs of the Investment Manager that should be borne by the Corporation and not included on the Manager's services.

LEGAL PROCEEDINGS

As of the date hereof there are no material legal proceedings by or against the Corporation.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation is indebted to the Corporation.

FINANCIAL INSTITUTIONS

Olympia Trust Company is the Corporation's banker. The Corporation will deposit all funds received from subscribers with designated financial institution prior to acceptance of the subscription. Other banks or financial institutions may be appointed by the Corporation at the discretion of the board of directors of the Corporation.

AUDITORS

The Board of Directors of the Corporation has appointed Ernst & Young LLP, Ernst & Young Tower 222 Bay Street, Toronto, Ontario, as auditor of the Corporation

LEGAL COUNSEL

The Corporation has retained Harris + Harris LLP, Barristers + Solicitors, 2355 Skymark Avenue, Suite 300, Mississauga, Ontario, L4W 4Y6 as general counsel with respect to real estate and general commercial matters.

CONFLICTS OF INTEREST

General

Conflicts of interest may exist, and others may arise, between investors and the directors and officers of the Manager and the Corporation and their associates and affiliates.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to investors. Persons considering a purchase of Shares must rely on the judgment and good faith of the directors, officers and employees of the Manager and the Corporation in resolving such conflicts of interest as may arise.

The Manager (and the Investment Manager)

The Corporation and its Shareholders are dependent in large part upon the experience and good faith of the Manager (and, indirectly, the Investment Manager), which is entitled to earn fees for providing services to the Corporation. Officers and directors of the Manager (and the Investment Manager) may also serve from time to time as officers and directors of the Corporation and/or members of credit, investment or other committees.

The Manager and its associates (including, but not limited to, the Investment Manager) are entitled to act in a similar capacity for other companies with investment criteria similar to those of the Corporation. As such, there is a risk the Manager will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested. Also, the directors of the Corporation, the Manager and the Investment Manager may be employed by, or act in other capacities for, other companies involved in mortgage and lending activities.

Lack of Separate Legal Counsel

The investors, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Manager or the Investment Manager have acted, or are acting, for the investors nor have conducted any investigation or review on their behalf.

RISK FACTORS

General

An investment in the Shares offered hereunder should be considered speculative due to the nature of the Corporation's business. Investors should carefully review the following factors, together with the other information contained in this Offering Memorandum, before making an investment decision.

This is a speculative offering. The purchase of Shares involves a number of risks and is suitable only for investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on an investor's investment.

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Investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares, to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

In addition to the factors set forth elsewhere in this Offering Memorandum, investors should consider the following risks before purchasing Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Corporation's business and/or the return to the investors.

No Market for Shares

There is no market through which the Shares may be sold and the Corporation does not expect any market will develop in the future. Accordingly, an investment in Shares should only be considered by investors who do not require liquidity. See "Restrictions on Resale".

Retraction Liquidity

The Shares are retractable, meaning that Shareholders have the right to require the Corporation to redeem them, upon appropriate advance notice from the Shareholder to the Corporation. The Corporation provides no assurance that any Shareholder will be able to retract any or all of their Shares at any time. Retraction and redemption of the Shares is subject to the Corporation having access to sufficient excess cash, or other liquid assets, and being in compliance with applicable corporate and securities legislation, and is subject to the terms in this Offering Memorandum, all as determined solely by the Corporation. Retraction and redemption of the Shares is also subject to the discretion of the directors to act in the best interests of the MIC under the Tax Act. Accordingly this investment is unsuitable for those prospective Shareholders who may require liquidity.

Absence of Management Rights

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

In assessing the risks and rewards of an investment in Shares, investors should appreciate they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Corporation and the Manager (and Investment Manager, where applicable) to make appropriate decisions with respect to the management of the Corporation, and that they will be subject to the decisions of the Corporation's, the Manager's and the Investment Manager's directors, officers and employees. It would be inappropriate for investors unwilling to rely on these individuals to this extent to purchase Shares.

Dilution

The number of Shares the Corporation is authorized to issue is unlimited and the directors of the Corporation have the sole discretion to issue additional Shares. The proceeds of the Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Shares in order to raise funds required which will result in a dilution of the interests of the Shareholders in the Corporation.

MIC Tax Designation

The Directors of the Corporation use their best efforts to ensure the Corporation qualifies at all times as a MIC pursuant to the Income Tax Act. To that end, the Directors have the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where, in the

view of the Directors, such acts would result in the Corporation failing to meet the requirements of a MIC under the Income Tax Act.

As a Corporation qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income and the normal gross up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Shares. Rather, the dividends will be taxable in the hands of Shareholders as if they had received an interest payment. If for any reason the Corporation fails to maintain its MIC qualification in a particular year, the dividends paid by the Corporation on the Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Shares would be subject to the normal gross up and dividend tax credit rules. In addition, the Shares might cease to be qualified investments for trusts governed by RRSPs, RRIFs, deferred profit sharing plans and TFSAs, with the effect that a penalty tax would be payable by the investor.

There can be no assurance, however, the Corporation will be able to meet the Income Tax Act's MIC qualifications at all material times.

Reliance on the Manager

In accordance with the terms of the Management Agreement between the Corporation and the Manager, the Manager has significant responsibility for assisting the Corporation in conducting its affairs. Any inability of the Manager (or those to whom it delegates any of its responsibilities, including but not limited to, the Investment Manager) to perform competently or on a timely basis could negatively affect the Corporation.

Key Personnel

The operations of the Corporation and the Manager (and, where applicable, the Investment Manager) are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Corporation to implement its business plan. In order to manage the Corporation and its business successfully in the future, it may be necessary to further strengthen the management teams of the Corporation, the Manager and any Investment Manager. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Limited Operating History

While the individual members of the Corporation's management team have experience in mortgage investment, the Corporation was formed in February, 2014 and accordingly only has a limited history of mortgage investment and does not have long-term return data available for review by investors in the Shares. The Corporation's operations are subject to the risks inherent in the establishment of a new investment activity, including a limited operating history. The Corporation cannot be certain that its investment strategy will be successful. The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any mortgage investment. If the Corporation fails to address any of these risks or difficulties adequately, its investment performance will likely suffer. There is no assurance that the Corporation can operate profitably or that the Corporation will successfully implement its plans.

Use of Leverage

The Corporation has the option to incur indebtedness secured by the Corporation's assets to purchase or make mortgage investments. There can be no assurance such a strategy will enhance returns, and in fact, use of this strategy could adversely affect returns.

Use of leverage through borrowing (and the assignment of mortgages as collateral) can also expose the Corporation to additional losses of capital.

Potential Litigation

The Corporation may become subject to disputes with various parties with whom it maintains relationships or with whom it does business. Any such dispute could result in litigation or other legal proceedings. Whether or not any dispute actually proceeds to litigation, the Corporation may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on its business. Any such resolution could involve the payment of damages, costs or expenses, which may be significant. In addition, any such resolution could involve the Corporation's agreement to certain settlement terms or conditions that may restrict the operation of its business.

Insurance

The Corporation's mortgage investments will not usually be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which the Corporation may not be able to insure against or which the Corporation may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted. The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Fund.

Appraisals

The Corporation's investments in mortgage loans will be secured by real estate. All real property investments are subject to elements of risk. While independent appraisals may be obtained before the Corporation 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.

Priority

Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the mortgages registered in favour of the Corporation. In the event of default by the mortgagor under any prior financial charge, the Corporation may not recover any or all of the monies advanced.

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Conflicts of Interest

Conflicts of interest may exist, and others may arise, between and among Shareholders and the directors and officers of the Manager (and, where applicable, any Investment Manager retained by the Manager) and the Corporation and their associates and affiliates. There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favorable to Shareholders. Persons considering a purchase of Shares pursuant to this Offering must rely on the judgment and good faith of the directors, officers and employees of the Manager (and, indirectly, any Investment Manager retained by the Manager) and the Corporation in resolving such conflicts of interest as may arise. The Corporation and its shareholders are dependent in large part upon the experience and good faith of the Manager (and any Investment Manager retained by the Manager). The Manager (and any Investment Manager retained by the Manager) is entitled to and do act in a similar capacity for other companies whose investment criteria may be similar to those of the Corporation. As such, there is a risk the Manager (and any Investment Manager retained by the Manager) will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested. Also, some or all of the directors of the Manager (and any Investment Manager retained by the Manager) may be employed by or act in other capacities for other companies involved in mortgage and lending activities.

Default

If there is default on a mortgage, it may be necessary for the Corporation, 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 maintain prior encumbrances in good standing. In those cases, it is possible the total amount recovered by the Corporation may be less than the total investment, resulting in loss to the Corporation.

Ongoing Capital Requirements

The Corporation requires significant funds to carry out its business plan. In the event the Corporation is unable to raise sufficient funds by this Offering and/or future and/or other debt or equity financing, the Corporation may have insufficient funds available to it to implement its business plan, and Subscribers may receive no return on their Shares. Certain uninsurable or uninsured events may also occur which can substantially reduce the ability of the Corporation to carry on business in a profitable manner, including natural or man-made disasters. The Corporation anticipates that a substantial portion of the net proceeds of this Offering will be expended by the Corporation in investing in residential and commercial mortgages, and also anticipates that the net proceeds of the Offering and anticipated cash flow from operating revenues will be sufficient to carry out the Corporation's business plan. There can be no assurances, however, that the Corporation will generate sufficient cash flow from operations or that it will not encounter unexpected costs in connection with implementing its business plan, and as a consequence there can be no assurances that the Corporation will not require additional financing. The Corporation has no current arrangements with respect to any other additional financing, and there can be no assurance that any such additional financing can be obtained on terms acceptable to the Corporation, or at all. Failure to obtain additional financing would likely have a substantial material adverse effect on the Corporation. Moreover, in the event the Corporation were to obtain such additional financing, it could have a dilutive effect on Shareholders' participation in the revenues generated through the Corporation's operations.

Yield

The yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry,

opportunities for other types of investments, legislation, governmental regulation and tax laws. The Corporation cannot predict the effect such factors will have on its operations.

Competition

The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Manager, to locate suitable opportunities for the investment and reinvestment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The industry in which the Corporation operates is subject to a wide variety of competition from public and private businesses, many of whom have greater financial and technical resources than the Corporation. Such competition, as well as any future competition, may adversely affect the Corporation's success in the marketplace. There is no assurance that the Corporation will be able to successfully maintain its business plan or operate profitably. Existing competitors may have greater financial, managerial and technical resources, and name recognition than the Corporation. Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

Credit Risk

As with most mortgage investment corporations, the Corporation provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation causing the Corporation to incur a financial loss. The Corporation's income and funds available for distribution to Share investors would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Corporation or if the Corporation was unable to invest its funds in mortgages on economically favourable terms. The Corporation will try to minimize its credit risk primarily by ensuring that the collateral value of the security fully protects both first and subordinated mortgage advances, that there is a viable exit strategy for each loan that such loans are made to experienced developers and owners. In addition, the Corporation intends to limit the concentration of risk by diversifying its mortgage portfolio by way of location, property type, maximum loan amount on any one property and maximum loan amount to any one borrower.

Liquidity Risk

There is a risk that the Corporation will be unable to meet commitments associated with financial instruments. The Corporation controls liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals, which include anticipated redemption of Shares. The Corporation commits to mortgage investments only on an assured cash availability basis.

Commercial Mortgage Uncertainty

Commercial real estate investment is subject to significant uncertainties due, among other factors, to uncertain costs of construction, development and financing, uncertainty in obtaining required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns on commercial mortgages reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgages. Inherent in these loans are completion risks as well as financing risks.

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Investment Concentration

As the Corporation may have only one or a limited number of mortgage investments, it is susceptible to adverse market conditions such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Demand for residential and commercial mortgages could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing sources of mortgage money. To the extent that any of these conditions occur, they are likely to affect the demand for and the interest rate, which could cause a decrease in the interest revenue to the Corporation. Any mortgage default could impair the Corporation's ability to pay dividends to its shareholders or could restrict its ability to redeploy capital.

Impaired Loans

The Corporation may, from time to time, have one or more impaired loans in its portfolio, particulars of which can be obtained by contacting the Corporation. The Corporation defines loans as being impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which write-downs have been taken or specific loss provisions established.

Renewal of Mortgages

There can be no assurances that any of the mortgages comprising the Corporation'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 originally negotiated. 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, the mortgagee and the Corporation's management at the time of renewal.

Environmental and Other Regulatory Matters

Although the Manager generally obtains an environmental evaluation of the property to be subject to a mortgage in the form of a Phase I Environmental Audit, environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The 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. The Corporation follows the environmental program of the Manager, which includes policies and procedures to review and monitor environmental matters associated with its properties. The Manager's environmental policy usually includes a Phase I Environmental Audit when warranted, conducted by an independent and experienced environmental consultant, before advancing a loan or acquiring a Mortgage.

Profitability

Although the Corporation will endeavour to maintain a diversified portfolio, the composition of the Corporation's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Corporation's portfolio being less diversified than anticipated. There is no assurance that the Corporation's mortgage portfolio will be profitable.

Changes to Regulations and Laws

The Corporation may need to change the manner in which it conducts business if government legislation or regulation changes, including in respect of the Tax Act as it pertains to MICs.

REPORTING OBLIGATIONS

The Corporation is not subject to continuous reporting and disclosure obligations which the securities legislation in any province would require of a "reporting issuer" as defined in such legislation and there is therefore no requirement that the Corporation make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with generally accepted accounting principles. The Corporation is required under the *Business Corporations Act* (Ontario) to send a copy of its annual financial statements to its shareholders.

Notwithstanding the above, the Corporation will forward to the Shareholders (a) within 180 days of the end of each fiscal year of the Corporation (being December 31) following the first Closing (or such shorter period as is prescribed by applicable securities legislation), annual unaudited financial statements of the Corporation, subject to the requirements to provide audited financial statements in accordance with applicable legislation for MICs, (b) within 90 days following the end of each fiscal year following the first Closing, all income tax reporting information necessary to enable each Shareholder to file a Canadian federal income tax return with respect to its participation in the Corporation in such fiscal year, including T5's for investment, as applicable, and (c) within the time periods prescribed, any other information or documents required to be provided to the Shareholder under applicable securities or other legislation.

The Corporation will maintain complete and adequate books and records of the investment activities of the Corporation. Subject to applicable laws, such books and records will (until the expiry of one year following the termination of the Corporation) be kept available for inspection and audit by any Shareholder or his duly authorized representatives (at the expense of such Shareholder) on not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) notice to the Corporation, during normal business hours at the principal office of the Corporation. Notwithstanding the foregoing, but subject to applicable law, Shareholders will not have access to or be provided with information with respect to the investment activities of the Corporation if such disclosure is prohibited by law or agreement or if, in the reasonable opinion of the Manager, it is in the interests of the Corporation that such information be kept confidential.

Under the terms of the Management Agreement, the Manager will provide for the preparation of accounting, management and other financial reports as well as the keeping and maintaining of the books and records of the Corporation. It is the intention of the Manager to appoint an independent and qualified firm of chartered accountants to act as the auditors of the Corporation and to review and report to the Shareholders with respect to the financial statements of the Corporation as at the end of, and for, each fiscal year provided that the Manager may, at any time and from time to time, change the auditors of the Corporation.

PROSPECTUS EXEMPTION

The Shares are being offered on a private placement basis. The Offering is being made in reliance upon exemptions from the prospectus requirements under NI 45-106. Accordingly, no prospectus has been, or will be, filed in connection with the Offering. Where the Corporation is relying on the "Accredited Investor" exemption (as defined in Section 1.1 of NI 45-106), the subscription agreement requires each such investor to confirm his status as an "Accredited Investor".

RESTRICTIONS ON RESALE

No prospectus has been filed in connection with this Offering in Canada or elsewhere. As a result, the securities acquired hereunder may only be resold pursuant to National Instrument 45-102 - *Resale of Securities* ("NI 45-102"). The following summary is based upon the current provisions of NI 45-102. The summary does not take into account, or anticipate, any changes in the law, whether by judicial, governmental or legislative action or decision.

The Shares being distributed pursuant to this Offering Memorandum are subject to restrictions on resale until such times as: (i) appropriate hold periods have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the Corporation is not a reporting issuer pursuant to applicable securities legislation, the applicable hold period may never expire, and if no further statutory exemption is available and if no discretionary order is obtained, this could result in a potential investor having to hold Shares for an indefinite period of time. The Corporation does not intend to file a prospectus or otherwise become a reporting issuer pursuant to applicable securities legislation and accordingly it is not intended that any Shares will become freely tradable.

Purchasers of Shares offered hereunder who wish to resell such securities should consult with their own legal advisers prior to engaging in any resale, to ascertain the restrictions on any such resale.

It is the responsibility of each individual purchaser of Shares to ensure all forms required by the applicable securities legislation are filed as required upon disposition of the Shares acquired pursuant to this Offering Memorandum.

PURCHASER'S RIGHTS OF WITHDRAWAL AND RESCISSION

General

A purchaser of these securities will have certain rights, some of which are described below. For information about their rights a prospective purchaser should consult a lawyer.

The securities laws in a prospective purchaser's jurisdiction may provide the purchaser with the right, in certain circumstances, to seek damages or to cancel your agreement to buy Shares. Most often, these rights are available if the Corporation makes a misrepresentation in this Offering Memorandum or any amendment hereto, but in some jurisdictions, a Purchaser may have these rights in other circumstances including if the Corporation fails to deliver the Offering Memorandum to a purchaser within the required time or if the Corporation makes a misrepresentation in any advertisements or literature regarding Shares. Generally, a "misrepresentation" means an untrue statement about a material fact or the failure to disclose a material fact that is required to be stated or that is necessary in order to make a statement not misleading in light of the circumstances in which it was made. The meaning of misrepresentation may differ slightly depending on the law in each purchaser's jurisdiction. In most jurisdictions there are defenses available to the persons or companies that a purchaser may have a right to sue. In particular, in many jurisdictions, the person or company that a purchaser may sue will not be liable if the purchaser knew of the misrepresentation when they purchased the Shares.

The following summaries are subject to any express provisions of the securities legislation of each selling jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described herein are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Two Day Cancellation Right For All Shareholders

A Shareholder shall be entitled to cancel and rescind the purchaser's agreement to purchase Shares. To do so, a Shareholder must send a notice in writing to the Corporation by midnight on the second business day after the Shareholder signs the Subscription Agreement to buy the Shares.

Rights for Shareholders In Ontario

In Ontario every purchaser of Shares pursuant to the this Offering Memorandum shall have a right of action for damages and/or rescission against the Corporation if this Offering Memorandum or any amendment thereto contains a misrepresentation (as defined in the *Securities Act* (Ontario)). In particular, Section 130.1 of the *Securities Act* (Ontario) provides that if this Offering Memorandum contains a misrepresentation, a Shareholder who purchases Shares offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or alternatively, may elect to exercise a right of rescission against the Corporation, provided that:

1. the Corporation will not be liable if it proves the purchaser purchased the Shares with knowledge of the misrepresentation;

2. in an action for damages, the Corporation is not liable for all or any portion of the damages the Corporation proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon;

3. in no case shall the amount recoverable exceed the price at which the Shares were issued; and

4. the right of action for rescission or damages is in addition to, and without derogation from, any other rights the purchaser may have at law.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

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

2. in the case of any action, other than an action for rescission, the earlier of:

    (a) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action; or

    (b) three years after the date of the transaction that gave rise to the cause of action.

Rights for Shareholders in Alberta

If this Offering Memorandum, together with any amendment hereto, is delivered to a Shareholder resident in Alberta and contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied upon the misrepresentation and will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum, and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. No action may be commenced to enforce a right of action:

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

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

2. No person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

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

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

5. In an action for damages, a person or company will not be liable for all or any part of the damages that such person or company proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and

6. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in British Columbia

If this Offering Memorandum, together with any amendment hereto, is delivered to a Shareholder resident in British Columbia and contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied upon the misrepresentation and will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. No action may be commenced to enforce a right of action:

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

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

2. No person will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

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

4. No person (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation;

5. In an action for damages, a person will not be liable for all or any part of the damages that such person proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and

6. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Saskatchewan

If this Offering Memorandum, together with any amendment hereto, is sent or delivered to a Shareholder resident in Saskatchewan and contains a misrepresentation at the time of purchase, the Shareholder is deemed to have relied upon that misrepresentation and will have a right for damages against the Corporation, every promoter and director of the Corporation (as the case may be), every person or company who signed this Offering Memorandum and every person or company who sells Shares on behalf of the Corporation (except if such person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the Offering Memorandum), or alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. No action shall be commenced to enforce the foregoing rights:

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

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

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

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

2. No person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

3. No person or company (but excluding the Corporation) will be liable if the person or company proves (i) the Offering Memorandum was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered without the person's or company's knowledge, (ii) after the filing of this Offering Memorandum and before the purchase of Shares by the Shareholder, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice to the Corporation of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of or extract from the report, opinion or statement of the expert;

4. No person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum purporting to be made on the person's or company's own authority as an expert, or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert if (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of this Offering Memorandum fairly represented the person's or company's report, opinion or statement, or (ii) on becoming aware that the part of this Offering Memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of this Offering Memorandum;

5. With respect to an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, the statement was true;

6. No person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or (ii) believed there had been a misrepresentation;

7. No person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or

company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation; and

8. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

A Shareholder resident in Saskatchewan who has entered into an agreement for the purchase of Shares, which has not yet been completed, and who receives an amendment to this Offering Memorandum that discloses (i) a material change in the affairs of the Corporation, (ii) a change in the terms or conditions of the offering as described in this Offering Memorandum or (iii) securities to be distributed that are in addition to the Shares described herein, that occurred or arose before the Shareholder entered into the agreement for the purchase of the Shares, may within two business days of receiving the amendment deliver a notice to the Manager or agent through whom the Shares are being purchased indicating the Shareholder's intention not to be bound by the purchase agreement.

Rights for Shareholders in Manitoba

In the event this Offering Memorandum, together with any amendment hereto, contains a misrepresentation, a Shareholder is deemed to have relied on the misrepresentation and has a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum, or alternatively, while still the owner of the purchased Shares, a right of rescission against the Corporation, provided that:

1. No action may be commenced to enforce a right of action:

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

   (b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the date of the purchase;

2. No person or company will be liable if the person or company proves that the Shareholder purchased the Shares with knowledge of the misrepresentation;

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

4. No person or company (excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the

person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation; and

5. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Québec

Under legislation adopted but not yet in force in Québec, if this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Québec contains a misrepresentation, the Shareholder will have (i) a right of action for damages against the Corporation, every officer and director of the Corporation, the dealer (if any) under contract to the Corporation and any expert whose opinion, containing a misrepresentation, appeared, with the expert's consent in this Offering Memorandum, or without prejudice to the Shareholder's right to claim damages (ii) a right of action against the Corporation for rescission of the purchase contract or revision of the price at which the Shares were sold to the Shareholder, provided that:

1. No person or company will be liable if it proves that:

   (a) the Shareholder purchased the Shares with knowledge of the misrepresentation; or

   (b) in an action for damages, that it acted prudently and diligently (except in an action brought against the Corporation).

2. No action may be commenced to enforce such a right of action:

   (a) for rescission or revision of price more than three years after the date of the purchase; or

   (b) for damages later than the earlier of (i) three years after the Shareholder first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the Shareholder, or (ii) five years from the filing of the Offering Memorandum with the Autorité des marches financiers.

Rights for Shareholders in New Brunswick

If the Offering Memorandum, together with any amendment thereto, delivered or otherwise provided to a Shareholder resident in New Brunswick contains a misrepresentation that was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied on the misrepresentation and will have a right of action against the Corporation for damages or, alternatively, while still the owner of the purchased Shares, for rescission, provided that:

1. No action may be commenced to enforce a right of action:

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

   (b) for any action, other than an action for rescission the earlier of (i) one year after the Shareholder first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of purchase;

2. No person will be liable if it proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

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3. In an action for damages, a person will not be liable for all or any portion of the damages it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and

4. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Nova Scotia

In Nova Scotia, in the event this Offering Memorandum, together with any amendment hereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia) (the "Nova Scotia Act")), contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder resident in Nova Scotia will be deemed to have relied upon the misrepresentation and will have a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum or, alternatively, for rescission against the Corporation, provided that:

1. No action may be commenced to enforce a right created more than:

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

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

      (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action; or

      (ii) three years from the date of purchase of the Shares;

2. Notwithstanding the foregoing, no action may be commenced to enforce a right of action more than 120 days:

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

   (b) after the date on which the initial payment for the Shares was made; where payments subsequent to the initial payments are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment;

3. No person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

4. No person or company (but excluding the Corporation) will be liable if the person or company proves: (i) the Offering Memorandum or the amendment thereto was sent or delivered to the Shareholder without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the Offering Memorandum or the amendment thereto and before the purchase of the Shares by the Shareholder, on becoming aware of any misrepresentation in the Offering Memorandum or the amendment thereto, the person or company withdrew the person's or company's consent to the Offering Memorandum or the amendment thereto and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum or the amendment thereto purporting to be made on the authority of an expert or to be a copy of, or

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an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum or the amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

5. No person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum or the amendment thereto not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation;

6. In an action for damages, a person or company will not be liable for all or any portion of the damages that such person or company proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and sold to the Shareholder.

7. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

These rights are intended to correspond with the rights against a seller of securities provided in the Nova Scotia Act and the regulations thereto and are subject to defenses contained therein. The rights of action for rescission or damages discussed above are in addition to, and without derogation from, any other rights the Shareholder may have.

Rights for Shareholders in Prince Edward Island

If this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Prince Edward Island contains a misrepresentation, the Shareholder will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, alternatively, for rescission against the Corporation, provided that among other limitations:

1. No action may be commenced to enforce a right of action more than:

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

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

      (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or

      (ii) three years after the date of the transaction giving rise to the cause of action, whichever period expires first.

2. In an action for rescission or damages, a person will not be liable if it proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

3. In an action for damages, a person is not liable for any damages it proves do not represent the depreciation in value of the Shares resulting from the misrepresentation;

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4. The amount recoverable under the right of action described herein must not exceed the price at which the Shares purchased by the Shareholder were offered;

5. No person other than the Corporation will be liable if the person proves that: (i) this Offering Memorandum was sent to the Shareholder without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Corporation that it had been sent without the person's knowledge and consent; (ii) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the Corporation of the withdrawal and the reason for it; or (iii) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation, or that the relevant part of this Offering Memorandum did not fairly represent the report, statement or opinion of the expert, or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

6. No person other than the Corporation will be liable with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation:

7. A person will not be liable for a misrepresentation in forward-looking information if:

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

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

8. The Corporation and every director of the Corporation at the date of this Offering Memorandum who is not a selling security holder, is not liable if the Corporation does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation:

   (a) was based on information previously publicly disclosed by the Corporation;

   (b) was a misrepresentation at the time of its previous public disclosure; and

   (c) was not subsequently publicly corrected or superseded by the Corporation before completion of the distribution of the securities being distributed.

9. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

Rights for Shareholders in Newfoundland and Labrador

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If this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Newfoundland and Labrador contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder, without regard to whether or not the Shareholder relied on the misrepresentation, will have a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum, every person or company whose consent has been filed with respect to reports, opinions or statements that have been made by them and every person or company who signed this Offering Memorandum, or alternatively, a right for rescission against the Corporation, provided that:

1. No action shall be started to enforce a right of action more than:

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

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

      (i) cause of action; or

      (ii) 3 years after the date of the transaction that gave rise to the cause of action.

2. No person or company, other than the Corporation, is liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;

3. No person or company, other than the Corporation, is liable if the person or company proves the Offering Memorandum was sent to the Shareholder without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the knowledge and consent of the person or company;

4. No person or company, other than the Corporation, is liable if the person or company proves the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;

5. No person or company, other than the Corporation, is liable if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves the person or company did not have any reasonable grounds to believe and did not believe:

   (a) there had been a misrepresentation; or

   (b) the relevant part of the Offering Memorandum

      (i) did not fairly represent the report, opinion or statement of the expert; or

      (ii) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

6. No person or company, other than the Corporation, is liable if with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company

(a) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(b) believed there had been a misrepresentation;

7. In an action for damages, a person will not liable for all or any portion of the damages that such person proves do not represent the depreciation in value of the Shares as a result of the misrepresentation; and

8. In no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

The rights discussed above are in addition to, and without derogation from, any other rights or remedies available at law to the Shareholder.

HOW TO SUBSCRIBE

Investors wishing to subscribe for Shares are to execute: (1) a subscription agreement in the form attached as **Schedule "A"** to this Offering Memorandum, (2) a consent to electronic delivery of documents in the form attached as **Schedule "B"** to this Offering Memorandum; and (3) an enrolment form for direct deposit in the form attached as **Schedule "C"** to this Offering Memorandum; and to deliver same to the Corporation, together with a bank draft payable to "Harris + Harris LLP, in trust" for the full subscription amount. All monies received by the Corporation for subscriptions for Shares together with related copies of the subscription agreements will be held by the Corporation. Investors whose subscriptions are accepted will be entitled to interest on the subscription funds from the date of acceptance until the Shares are issued at the end of that quarter at a rate comparable to the dividend rate payable to the holders of Shares during the interim period.

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SCHEDULE "A" – FORM OF SUBSCRIPTION AGREEMENT

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CANADA AND OFFSHORE

SUBSCRIPTION AGREEMENT FOR CLASS A PREFERRED SHARES

TO: Atlantic Advantage Mortgage Investment Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of Class A Preferred Shares ("**Shares**") of the Corporation set forth below for the aggregate subscription price set forth below, representing a subscription price of $10.00 per Share, upon and subject to the terms and conditions set forth in the "*Terms and Conditions of Subscription for Shares of the Corporation*" attached hereto (together with this page and the attached Exhibits, the "**Subscription Agreement**"). The Subscriber acknowledges that the Shares subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of up to 10,000,000 Shares at a subscription price of $10.00 per Share for aggregate gross proceeds of up to $100,000,000. **In addition to this face page, the Subscriber must also complete the applicable Exhibits attached hereto.**

_____
(Name of Subscriber - please print)

By: _____
(Authorized Signature)

_____
(Official Capacity or Title - please print)

_____
(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)

_____
(Subscriber's Address)

_____
(Subscriber's Address including Postal Code)

_____
(Telephone Number) (E-Mail Address)

Number of Shares: _____

Aggregate Subscription Price: _____

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit 1 is completed in respect of such principal:

_____
(Name of Principal)

_____
(Principal's Address, including Postal Code)

_____
(Principal's Telephone Number)

Register the Shares as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Address)

_____
(Address)

Deliver the Shares as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Contact Name)

_____
(Address)

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

_____, 20____

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

By: _____
Name: Jeffrey Wong
Title: General Manager & CFO

Subscription No:

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SHARES OF THE CORPORATION

Terms of the Offering

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the Shares subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of a combination of up to 10,000,000 Shares (subject to rounding) at a subscription price of $10.00 per Share for aggregate gross proceeds of up to $100,000,000 (the "**Offering**"). The Subscriber acknowledges receiving and reviewing a copy of the Corporation's Offering Memorandum describing the Offering and risks associated therewith.

2. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Corporation in whole or in part at any time prior to the Closing Time (as defined herein) and is effective only on acceptance by the Corporation.

3. The Shares are sometimes referred to herein as the "**Securities**".

4. By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) acknowledges that the applicable "restricted period" under applicable securities laws will not commence until the Closing Time and until such time as the applicable "restricted period" has expired the Subscriber will not be able to resell the Securities subscribed for hereunder, except in accordance with limited exemptions under applicable securities legislation.

5. The details of the Offering are more fully described in the Corporation's Offering Memorandum which is delivered to each Subscriber prior to the Corporation accepting a subscription for Securities from each Subscriber.

Representations, Warranties, Acknowledgements and Covenants by the Subscriber

6. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants, acknowledges and covenants, as applicable, to the Corporation and its counsel (and acknowledges that the Corporation, and its counsel, are relying thereon) both at the date hereof and at the Closing Time (as herein defined) that:

(a) it has been independently advised as to restrictions with respect to trading in Securities imposed by applicable securities legislation in the jurisdiction in which the Subscriber resides, and to which the Subscriber is otherwise subject and confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto, and acknowledges that it is aware of the characteristics of the Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Securities, except in accordance with limited exemptions under applicable securities legislation and regulatory policy until the expiry of the applicable restricted or hold period and compliance with the other requirements of applicable law; it agrees that any certificates representing the Securities will bear a legend indicating that the resale of such securities is restricted and the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence or to which it is otherwise subject for full particulars of the resale restrictions applicable to it; and

(b) it has received an Offering Memorandum describing the investment and the risks associated therewith and has been advised to seek legal and financial advice regarding the Offering Memorandum, the Offering and the purchase by the Subscriber of any Securities, and the Subscriber has not been provided with, nor has it requested, nor does it have any need to receive, any prospectus, sales or advertising literature, or any other document (other than the Offering Memorandum and any financial statements, interim financial statements or any other similar document, the content of which is prescribed by statute or regulation) describing the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist it in making an investment decision in respect of the Securities; and

(c) it has not become aware of and the purchase of the Shares is not made through or a result of any general solicitation or any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the Internet) with respect to the distribution of the Securities; and

(d) the Subscriber is, or, pursuant to National Instrument 45-106 - "Prospectus Exemptions" ("**NI 45-106**"), is deemed to be, purchasing the Shares as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Shares, it is resident in the jurisdiction set out as the "Subscriber's Address" on the face page hereof, and if the Subscriber is acting as agent or trustee for a principal/beneficial purchaser, such principal/beneficial purchaser is purchasing as principal for its own account, not for the benefit of any other person, for investment only and not with a view to resale or distribution, and is resident in the jurisdiction set forth in the Subscription Agreement as the "Principal's Address" of the beneficial purchaser, and the Subscriber or principal/beneficial purchaser, as the case may be, fully complies with the criteria set forth below:

(i) it is resident in or otherwise subject to applicable securities laws of **any jurisdiction of Canada** and:

A. it is an "**accredited investor**", as such term is defined in NI 45-106, it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106, and has concurrently executed and delivered a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement with **Appendix A to Exhibit 1** indicating that the Subscriber satisfies one of the categories of "**accredited investor**" set forth in such definition; and if the Subscriber is an individual, it has executed and delivered the Form 45-106F9 Risk Acknowledgement Form attached as **Appendix B to Exhibit 1**, as well as the Confirmation attached as **Appendix C to Exhibit 1**; or

B. the Subscriber is one of the following and has so indicated by identifying the applicable subsection:

(A) an employee, executive officer (as defined in NI 45-106), director or consultant of the Corporation or a related entity (as defined in NI 45-106) of the Corporation; or

_____

(B) a permitted assign (as defined in NI 45-106) of a person referred to in A. above; and

_____

participation in the purchase is "voluntary" as explained in NI 45-106; or

(ii) it is resident in or otherwise subject to applicable securities laws of **any jurisdiction of Canada, other than Ontario**, is one of the following and **has so indicated by identifying the applicable subsection and, if a close personal friend or close business associate, has completed, executed and delivered Exhibit 2 to this Subscription Agreement**:

(A) a director, executive officer or control person (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation, or of an affiliate (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation; or

_____

(B) a spouse, parent, grandparent, brother, sister, child or grandchild of any person referred to in subclause (A) above; or

_____

(C) a parent, grandparent, brother, sister, child or grandchild of the spouse of any person referred to in subclause (A) above; or

_____

(D) a close personal friend of any person referred to in subclause (A) above

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and, if requested by the Corporation or its counsel, will provide a signed statement describing the relationship to any such persons. For the purposes of this subparagraph (D) "close personal friend" means that you have directly known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or member of the same organization, association or religious group or a client, customer or former client or customer or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual; or

____

(E) a close business associate of any person referred to in subclause (A) and, if requested by the Corporation or its counsel, will provide a signed statement describing the relationship to any such persons. For the purposes of this subparagraph (E) "close business associate" means that you have had a direct sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or person introduced or solicited for the purpose of purchasing securities or a client, customer or former client or customer or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual; or

____

(F) a founder (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation; or

____

(G) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation; or

____

(H) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in subsections (A) to (G) above; or

____

(I) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons described in subsections (A) to (G) above; and

____

if the Subscriber is resident in **Saskatchewan** and is purchasing under subsections (D), (E), (F), (H) or (I) above, it has executed and delivered to the Corporation a Risk Acknowledgement Form in the form attached hereto as **Exhibit 3**; or

(iii) it is resident in or otherwise subject to applicable securities laws of **Ontario**, is one of the following and **has so indicated by identifying the applicable subsection and has completed, executed and delivered the Form 45-106F12 Risk Acknowledgement Form attached hereto as Exhibit 4, as well as the Confirmation attached as Appendix A to Exhibit 4:**

____ (A) a director, executive officer or control person (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation, or of an affiliate (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation; or

____ (B) a spouse, parent, grandparent, brother, sister, child or grandchild of any person referred to in subclause (A) above; or

____ (C) a parent, grandparent, brother, sister or child of the spouse of any person referred to in subclause (A) above; or

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____ (D) a close personal friend of any person referred to in subclause (A) above and, if requested by the Corporation or its counsel, will provide a signed statement describing the relationship to any such persons. For the purposes of this subparagraph (D) "close personal friend" means that you have directly known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or member of the same organization, association or religious group or a client, customer or former client or customer or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual; or

____ (E) a close business associate of any person referred to in subclause (A) and, if requested by the Corporation or its counsel, will provide a signed statement describing the relationship to any such persons. For the purposes of this subparagraph (E) "close business associate" means that you have had a direct sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or person introduced or solicited for the purpose of purchasing securities or a client, customer or former client or customer or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual; or

____ (F) a founder (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 hereto) of the Corporation or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation; or

____ (G) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation; or

____ (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in subsections (A) to (G) above; or

____ (I) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons described in subsections (A) to (G) above; or

(iv) if it is resident or otherwise subject to applicable securities laws of **any jurisdiction referred to in the preceding subsections** but not purchasing thereunder, and it is acquiring Shares for an Aggregate Subscription Price of a minimum of $150,000, it has executed and delivered the Minimum Amount Exemption Certificate in the form attached hereto as **Exhibit 5** and it is <u>not</u> an individual; or

(v) if it is a resident of or otherwise subject to applicable securities laws of **any jurisdiction referred to in the preceding subsections** but not purchasing thereunder, it or any beneficial purchaser for whom it is acting is purchasing pursuant to an exemption from prospectus and registration requirements (particulars of which have been enclosed herewith by it) available to it under applicable securities legislation of the jurisdiction of its residence and shall deliver to the Corporation such further particulars of the exemption(s) and its qualifications thereunder as the Corporation or its counsel may request; or

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(vi) if it or any beneficial purchaser for whom it is acting is resident in or otherwise subject to applicable securities laws of a jurisdiction **other than Canada or the United States**, the Subscriber confirms, represents and warrants that:

(A) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the jurisdiction in which the Subscriber is resident (the "**International Jurisdiction**") and which would apply to the acquisition of the Shares;

(B) the Subscriber is purchasing the Shares pursuant to exemptions from prospectus or registration requirements or equivalent requirements under applicable securities laws or, if such is not applicable, the Subscriber is permitted to purchase the Shares under the applicable securities laws of the International Jurisdiction without the need to rely on any exemptions and the Subscriber complies with the provisions of section 6(d)(i)(A) hereof as if it is a resident of the province of Ontario and it has concurrently executed and delivered a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement and has initialed or placed a check mark in **Appendix A** thereto indicating the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; and if the Subscriber is an individual, it has executed and delivered the Form 45-106F9 Risk Acknowledgement Form attached as **Appendix B to Exhibit 1**, as well as the Confirmation attached as **Appendix C to Exhibit 1**;

(C) the applicable securities laws of the International Jurisdiction do not require the Corporation to make any filings or seek any approvals of any kind whatsoever from any securities regulator of any kind whatsoever in the International Jurisdiction in connection with the issue and sale or resale of the Subscriber's Securities; and

(D) the purchase of the Shares by the Subscriber does not trigger:

(i) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction;

(ii) any obligation of the Corporation to register any of the Securities or to be registered with any governmental authority; or

(iii) any continuous disclosure reporting obligation of the Corporation in the International Jurisdiction; and

the Subscriber will, if requested by the Corporation or its counsel, deliver to the Corporation, a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in subsections (B), (C) and (D) above to the satisfaction of the Corporation or its counsel, acting reasonably; and

(e) it acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Shares;

(iv) there are restrictions on the Subscriber's ability to resell the Securities and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Securities;

(v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Ontario) and other applicable securities laws and, as a consequence of acquiring Shares pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Ontario) and other applicable securities laws, including statutory rights of rescission or damages, may not be available to the Subscriber; and

(f) the certificate(s) representing the Securities shall be endorsed by a legend, if applicable, stating that the Securities shall be subject to restrictions on resale in accordance with applicable securities legislation; and

(g) it has not received any financial assistance of any kind from the Corporation, directly or indirectly, in connection with its purchase of Shares hereunder; and

(h) it does not own, directly or together with, (i) any person who the Subscriber does not deal at arm's length with, (ii) any partnership of which the Subscriber is a member, or (iii) any trust of which the Subscriber is a beneficiary, 10% or more of the issued shares of any class of shares in the capital stock of the Corporation; and

(i) it has not and will not enter into any voting trust or similar agreement that has the effect of directing the manner in which any votes attached to the Shares purchased pursuant to this Subscription Agreement may be voted following the Closing Date; and

(j) it is aware that the Securities have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**1933 Act**") or the securities laws of any state of the United States and that these securities may not be offered or sold, directly or indirectly, in the United States without registration under the 1933 Act and applicable state securities laws or in compliance with requirements of an exemption from registration or an exemption from such registration exemption is available and the applicable laws of all applicable states and it acknowledges that the Corporation has no present intention of filing a registration statement under the 1933 Act or applicable state securities laws in respect of the Securities; and

(k) it undertakes and agrees that it will not offer or sell the Securities in the United States unless such securities are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Securities, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules; and

(l) if the Subscriber is a corporation, partnership, unincorporated association or other entity, it has the legal capacity and competence to enter into and be bound by this Subscription Agreement and to perform all of its obligations hereunder, and if the Subscriber is a body corporate, the Subscriber is duly incorporated or created and validly subsisting under the laws of the jurisdiction of its incorporation, and further certifies that all necessary approvals of directors, shareholders, partners or otherwise have been given and obtained; and

(m) if the Subscriber is an individual, it is of the full age of majority in the jurisdiction in which the Subscription Agreement is executed and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and

(n) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and

(o) the Subscriber acknowledges that this Subscription Agreement is not enforceable by the Subscriber until the Subscription Agreement has been accepted by the Corporation; and

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(p) in the case of a subscription by it for Shares acting as agent for a disclosed principal beneficial purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal beneficial purchaser and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding and enforceable agreement of, such principal/beneficial purchaser and the Subscriber acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each principal/beneficial purchaser for whom the Subscriber may be acting; and

(q) each principal/beneficial purchaser for who the Subscriber is acting has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Securities and it, or, where it is not purchasing as principal, each beneficial purchaser, is able to bear the economic risk of loss of its investment; and

(r) the Subscriber has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation and acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Subscriber; and

(s) it understands and acknowledges that the Shares are being offered for sale only on a "private placement" basis and that the sale and delivery of the Shares is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or registration statement or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or registration statement; and

(t) if required by or advisable under applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Securities as may be required, including, without limitation:

(i) **in the case of an "accredited investor" resident in or otherwise subject to applicable securities laws of Canada**, a fully executed and completed Representation Letter in the form of **Exhibit 1** with **Appendix A to Exhibit 1** fully completed; and if the Subscriber is an individual, a fully executed and completed Form 45-106F9 Risk Acknowledgement Form attached hereto as **Appendix B to Exhibit 1** as well as the Confirmation attached hereto as **Appendix C to Exhibit 1**; and

(ii) **in the case of investors resident in or otherwise subject to the applicable securities laws of an International Jurisdiction,** a fully executed and completed Representation Letter in the form of **Exhibit 1** with **Appendix A to Exhibit 1** fully completed; and if the Subscriber is an individual, a fully executed and completed Form 45-106F9 Risk Acknowledgement Form attached hereto as **Appendix B to Exhibit 1** as well as the Confirmation attached hereto as **Appendix C to Exhibit 1**; and

(iii) **in the case of a "close personal friend" or "close business associate" resident or otherwise subject to applicable securities laws of any jurisdiction of Canada other than Ontario,** a Close Personal Friend and/or Close Business Associate Questionnaire attached as **Exhibit 2**; and

(iv) **for a Subscriber that is a "close personal friend" or "close business associate" resident in Saskatchewan** and subscribing pursuant to the exemption contained in subsection 6(d)(ii), a Risk Acknowledgement Form attached hereto as **Exhibit 3**;

(v) **for a Subscriber that is "family", a "close personal friend" or a "close business associate" resident or otherwise subject to applicable securities laws of Ontario,** a Form 45-106F12 Risk Acknowledgement Form attached as **Exhibit 4** and the Confirmation attached as **Appendix A to Exhibit 4**; and

(vi) **in the case of a Subscriber resident in or otherwise subject to applicable securities laws of Canada and subscribing pursuant to the $150,000 minimum amount investment exemption**, a fully executed and completed Minimum Amount Exemption Certificate attached hereto as **Exhibit 5**; and

(u) it will not resell the Securities except in accordance with the provisions of applicable securities legislation and stock exchange rules, if applicable, in the future; and

(v) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber, or if the Subscriber is not a natural person, any of the Subscriber's constating documents, or any agreement to which the Subscriber is a party or by which it is bound; and

(w) none of the funds the Subscriber is using to purchase the Shares represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "**PCMLA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's Subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, the Aggregate Subscription Price to be provided by the Subscriber: (i) has not been or will not be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; and (ii) is not being tendered on behalf of a person or entity who has not been identified to the Subscriber. It shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith; and

(x) none of the funds that the Subscriber is using to purchase the Shares are, to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities; and

(y) the Subscriber understands and acknowledges that the Shares are being purchased pursuant to exemptions from the prospectus requirements contained in applicable securities legislation in Canada and, as a result:

(i) the Subscriber is restricted from using most of the civil remedies available under applicable securities legislation in Canada;

(ii) the Subscriber may not receive information that would otherwise be required to be provided to the Subscriber under applicable securities legislation; and

(iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities legislation;

(iv) the common law may not provide an adequate remedy in the event that the Subscriber suffers investment losses in connection with the Shares acquired pursuant to the Offering; and

(z) the Subscriber acknowledges that it has been encouraged to and should obtain independent legal, income tax and investment advice with respect to its subscription for Shares, including and not limited to the applicable resale restrictions, and accordingly, has been independently advised, or has waived such independent advice, as to the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement; and

(aa) the Subscriber's offer to subscribe for Shares has not been induced by any representations with regard to the present or future worth of the Securities; and

(bb) the Subscriber, either alone or together with the Subscriber's financial advisor, has sufficient financial knowledge and experience to evaluate the merit and risks of an investment in the Corporation and the Securities on the basis of information available to the Subscriber; and

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(cc) except for its knowledge regarding its subscription for the Shares hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Ontario) and which generally means a fact or change which would reasonably be expected to have a significant effect on the market price of the Corporation's shares) in the affairs of the Corporation that has not been generally disclosed; and

(dd) the Subscriber is aware that there is no market and may never be a market for the Shares; and

(ee) the Subscriber acknowledges and confirms that none of the Corporation or any of its directors, employees, officers, affiliates, advisors or representatives, have made any representations (written or oral) to the Subscriber other than as set out in the Offering Memorandum:

(i) regarding the future value or price of the Securities;

(ii) that any person will resell or repurchase any of the Securities;

(iii) that any person will refund the purchase price of the Shares; or

(iv) that the Shares will ever be listed on any stock exchange or that application has been or will ever be made for such listing for the Shares; and

(ff) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development; that there is no assurance that such financings shall be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current security holders, including the Subscriber; and

(gg) the Subscriber is not a "control person" of the Corporation, as that term is defined in *Securities Act* (Ontario), will not become a "control person" of the Corporation by purchasing the number of Shares subscribed for under this Subscription Agreement, and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation; and

(hh) the delivery of this Subscription Agreement, the acceptance hereof by the Corporation and the issuance of the Shares to the Subscriber complies or will comply with all applicable laws of the Subscriber's jurisdiction of residence and domicile and will not cause the Corporation or any of its officers or directors to become subject to or require any disclosure, prospectus or other reporting requirement; and

(ii) the Subscriber does not act jointly or in concert with any other person for the purposes of the acquisition of the Shares; and

(jj) the Subscriber acknowledges that the Subscriber or the Corporation may be required to provide the applicable securities regulatory authorities with a list setting forth the identities of the beneficial purchasers of the Shares and notwithstanding that the Subscriber may be purchasing the Shares as agent for a principal, it will provide, on request of the Corporation or its counsel, particulars as to the identity of such principal as may be required by the Corporation (in order to comply with the foregoing); and

(kk) the information set forth on the face page of this Subscription Agreement is complete, true and correct.

Closing

7. The Subscriber agrees to deliver to counsel to the Corporation, Harris + Harris LLP, 2355 Skymark Avenue, Suite 300, Mississauga, ON, L4W 4Y6 not later than 4:30 p.m. (Toronto time) on the day that is two business days before the Closing Date: (a) this duly completed and executed Subscription Agreement; (b) a bank draft payable to "Harris + Harris LLP, in trust" for the Aggregate Subscription Price of the Shares subscribed for under this Subscription Agreement or payment of the same amount in such other manner as is acceptable to Harris + Harris LLP; (c) **if the Subscriber is an "accredited investor"** resident in or otherwise subject to applicable

securities laws of Canada, a fully executed and completed Representation Letter in the form of **Exhibit 1** with **Appendix A to Exhibit** 1 fully completed; and if the Subscriber is an individual, a fully executed and completed Form 45-106F9 Risk Acknowledgement Form attached hereto as **Appendix B to Exhibit 1** as well as the Confirmation attached hereto as **Appendix C to Exhibit 1;** (d) if the Subscriber is **resident in or otherwise subject to the applicable securities laws of an International Jurisdiction,** a fully executed and completed Representation Letter in the form of **Exhibit 1** with **Appendix A to Exhibit 1** fully completed; and if the Subscriber is an individual, a fully executed and completed Form 45-106F9 Risk Acknowledgement Form attached hereto as **Appendix B to Exhibit 1** as well as the Confirmation attached hereto as **Appendix C to Exhibit 1;** (e) **if the Subscriber is purchasing as a "close personal friend" or "close business associate" resident in or otherwise subject to applicable securities laws of any jurisdiction of Canada other than Ontario,** a Close Personal Friend and/or Close Business Associate Questionnaire attached as **Exhibit 2**; (f) **if the Subscriber is resident in Saskatchewan and subscribing pursuant to the exemption contained in subsection 6(d)(ii)**, a Risk Acknowledgement Form attached hereto as **Exhibit 3**; (g) **if the Subscriber is "family", a "close personal friend" or a "close business associate" resident or otherwise subject to applicable securities laws of Ontario**, a Form 45-106F12 Risk Acknowledgement Form attached as **Exhibit 4** and the Confirmation attached as **Appendix A to Exhibit 4**; and (h) **if the Subscriber is resident in or otherwise subject to the applicable securities laws of Canada** and subscribing pursuant to the $150,000 minimum amount investment exemption in subsection 6 (d)(iv), a fully executed and completed Minimum Amount Exemption Certificate attached hereto as **Exhibit 5**.

8. The sale of the Shares pursuant to this Subscription Agreement will be completed in one or more closings at the offices of Harris + Harris LLP, the Corporation's counsel, 2355 Skymark Avenue, Suite 300, Mississauga, ON, L4W 4Y6 at 10:00 a.m. (Toronto time) or such other time as the Corporation shall stipulate (the "**Closing Time(s)**") commencing on or about January 31, 2016, or such other date as the Corporation shall stipulate (the "**Closing Date**"). At the Closing Time(s), the Corporation shall accept all completed Subscription Agreements that the Corporation desires to accept, possibly including this Subscription Agreement, and a bank draft (net of expenses and commission) payable to the Corporation in payment of the Aggregate Subscription Price against delivery by the Corporation of the certificates representing the Shares. If a Closing Date has not occurred within 10 business days of the Subscriber delivering the subscription proceeds as provided for herein, then, at the written request of the Subscriber, the subscription proceeds shall be returned in full to the Subscriber, without interest or deduction, unless the Subscriber has agreed, in writing, to a delayed or extended Closing Date. The Subscriber acknowledges and agrees that the Corporation shall be entitled to accept and take up subscriptions received and monies remitted for the Shares, in whole or in part, at any time and from time to time, during the course of this continuous Offering, which may occur in a series of individual tranches from time to time. All subscriptions accepted during the course of this Offering shall be deemed part of this Offering.

9. The Corporation shall be entitled to rely on delivery of a facsimile or electronic copy of executed subscriptions, and acceptance by the Corporation of such facsimile or electronic subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

General

10. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose benefit the Subscriber is contracting) agrees that the representations, warranties and covenants of the Subscriber (and, if applicable, on behalf of each person for whom it is contracting) herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time as if made at that time and will survive the completion of the issuance of the Shares and the closing of the transactions contemplated hereby. The representations, warranties and covenants of the Subscriber (and, if applicable, on behalf of each person for whom it is contracting) herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Shares and the Subscriber agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents (including its legal counsel) from and against any and all loss, liability, claim, damage and expense whatsoever including, but not limited to, any fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, administrative proceeding or investigation commenced or threatened or any claim whatsoever arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document

furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation in connection herewith. The Subscriber undertakes to immediately notify the Corporation, at 80 Acadia Avenue, Suite 211, Markham, Ontario, L3R 9V1, Attention: Jeffrey Wong, General Manager & CFO, (Fax: 905-940-8692) of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

11. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

12. This Subscription Agreement requires the Subscriber to provide certain personal information to the Corporation and its counsel. Such information is being collected by the Corporation and its counsel for the purposes of completing the Offering described herein, which includes, without limitation, determining the Subscriber's eligibility to purchase the Shares under applicable securities legislation, preparing and registering certificates/instruments representing the Shares to be issued to the Subscriber and completing filings required by any stock exchange, securities commission or securities regulatory authority or taxation authorities. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. If it is a resident of or otherwise subject to applicable securities laws of Ontario, the Subscriber acknowledges that it has been notified by the Corporation (i) of the delivery to the Ontario Securities Commission (the "**OSC**") of the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of the distribution; (ii) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (iv) that the Administrative Support Clerk can be contacted at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 (Fax Number: 416-593-8122; Toll Free Telephone Number: 1-877-785-1555), regarding any questions about the OSC's indirect collection of this information. The Subscriber acknowledges and confirms by its signing of **Exhibit 6** attached hereto that its personal information may be disclosed to applicable securities regulatory authorities.

13. The contract arising out of this Subscription Agreement and all documents relating thereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario. Time shall be of the essence hereof.

14. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

15. The terms and provisions of this Subscription Agreement shall be binding upon and ensure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent for the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.

16. Except as otherwise provided herein, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

17. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

18. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled,

terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

19. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation if this subscription agreement or any provision hereof.

20. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

21. In this Subscription Agreement (including Exhibits), references to "$" or "Cdn. $" are to Canadian dollars, unless expressly stipulated otherwise.

22. The parties hereto acknowledge and confirm that they have requested that this Subscription Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et conferment qu'elles ont convenu que la présente convention de souscription ainsi que tous les avis et documents qui s'y rattachent soient rédigés dans la langue anglaise.

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EXHIBIT 1

REPRESENTATION LETTER

(FOR ACCREDITED INVESTORS)

TO: ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION (THE "CORPORATION")

In connection with the purchase of Shares of the Corporation as defined in the attached Subscription Agreement by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Subscriber**" for the purposes of this Exhibit 1), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;

2. The Subscriber is purchasing the Shares as principal for its own account;

3. The Subscriber has read and understands the initialed criterion of an accredited investor as set out in Appendix "A" and Appendix "B" attached to this Representation Letter, as applicable.

4. The Subscriber is, and at the time of closing shall be, an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus Exemptions" ("**NI 45-106**") by virtue of satisfying the initialed criterion as set out in Appendix "A" attached to this Representation Letter;

5. The Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the attached Appendix "A" of this Exhibit 1; and

6. Upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1 shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 20___

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

IMPORTANT: PLEASE INITIAL THE CATEGORY OR CATEGORIES
IN APPENDIX "A" ON THE NEXT PAGE THAT DESCRIBES YOU

APPENDIX A

TO EXHIBIT 1

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

Accredited Investor - (defined in National Instrument 45-106) means:

_____ (a) a Canadian financial institution, or a Schedule III bank, or

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

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

_____ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer; or

_____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or

_____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the Securities Act (Ontario) or the Securities Act (Newfoundland and Labrador); or

_____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or

_____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

_____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or

_____ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada; or

_____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000; or

_____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $5,000,000; or

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

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialed.)

_____ (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000; or

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(m) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements; or

(n) an investment fund that distributes or has distributed its securities only to:

(i) a person that is or was an accredited investor at the time of the distribution, or

(i) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or

(ii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

(o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt; or

(p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

(q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; or

(r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

(s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

(t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106); or

(Note: if you are purchasing as an individual accredited investor, paragraph (k) or (l) above must be initialled rather than paragraph (t)).

(u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

(v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Quebec, the regulator as an accredited investor; or

(w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

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For the purposes hereof:

(a) "**affiliate**" means an issuer connected with another issuer because

(i) one of them is the subsidiary of the other; or

(ii) each of them is controlled by the same person;

(b) "**Canadian financial institution**" means

(i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

(ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) "**consultant**" means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

(i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;

(ii) provides the services under a written contract with the issuer or a related entity of the issuer; and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

(iv) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and

(v) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

(d) "**control person**" means

(i) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a person or company holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer, or

(ii) each person or company in a combination of persons or companies acting in concert by virtue of an agreement, arrangement, commitment or understanding, who holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and if a combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer;

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(e) "**director**" means:

(i) a member of the board of directors of a company or an individual who performs similar functions for a company, and

(ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

(f) "**eligibility adviser**" means

(i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and

(ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and

(B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(g) "**executive officer**" means, for an issuer, an individual who is

(i) a chair, vice-chair or president,

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

(iii) performing a policy-making function in respect of the issuer;

(h) "**financial assets**" means

(i) cash,

(ii) securities, or

(iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

(i) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(j) "**founder**" means, in respect of an issuer, a person who,

(i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(ii) at the time of the distribution or trade is actively involved in the business of the issuer;

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(k) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(l) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

(m) "**investment fund**" means a mutual fund or a non-redeemable investment fund and for greater certainty in British Columbia, includes an EVCC and a VCC (as such capitalized terms are defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*);

(n) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;

(o) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;

(p) "**non-redeemable investment fund**" has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

(q) **"permitted assign"** means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

(i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,

(ii) a holding entity of the person,

(iii) a RRSP, RRIF, or TFSA of the person,

(iv) a spouse of the person,

(v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

(vi) a holding entity of the spouse of the person, or

(vii) a RRSP, RRIF, or TFSA of the spouse of the person;

(r) "**person**" includes

(i) an individual,

(ii) a corporation,

(iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(s) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;

(t) "**related entity**" means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

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(u) "**related liabilities**" means

(i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(ii) liabilities that are secured by financial assets;

(v) **"RRIF"** means a registered retirement income fund as defined in the *Income Tax Act* (Canada);

(w) **"RRSP"** means a registered retirement savings plan as defined in the *Income Tax Act* (Canada)

(x) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(y) "**spouse**" means, an individual who,

(i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,

(ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

(z) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary; and

(aa) **"TFSA"** means a tax-free savings account as described in the *Income Tax Act* (Canada).

All monetary references are in Canadian Dollars.

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APPENDIX B

TO EXHIBIT 1

FORM 45-106F9
FORM FOR INDIVIDUAL ACCREDITED INVESTORS

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of securities: Class A Preferred Shares	Issuer: Atlantic Advantage Mortgage Investment Corporation
Purchased from: The issuer	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	**Your initials**
Risk of loss – You could lose your entire investment of $_____. [*Instruction: Insert the total dollar amount of the investment.*]	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca.	
3. Accredited investor status	
You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	**Your initials**
• Your net income before taxes was more than $200,000 in each of the 2 most recent calendar years, and you expect it to be more than $200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
• Your net income before taxes combined with your spouse's was more than $300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than $300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than $1 million in cash and securities, after subtracting any debt related to the cash and securities.	
• Either alone or with your spouse, you have net assets worth more than $5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
[*Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.*]	
First and last name of salesperson (please print): Jeffrey Wong	
Telephone: +1 (905) 940-2783	Email: jwong@aamic.ca
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
Name of issuer: Atlantic Advantage Mortgage Investment Corporation Address of issuer: 80 Acadia Avenue, Suite 211, Markham, ON L3R 9V1 Contact Person Name: Jeffrey Wong Telephone Number: +1 (905) 940-2783 Email Address: info@aamic.ca Website Address: www.aamic.ca **For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.**	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

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APPENDIX C

TO EXHIBIT 1

FORM 45-106F9

CONFIRMATION

TO BE COMPLETED BY PURCHASER

I confirm that the salesperson and/or the issuer has explained the alternative qualification criteria for the accredited investor exemption to my satisfaction.

I further confirm that the salesperson and/or the issuer has asked me questions about my income and/or assets to verify my accredited investor status as set out in the attached Form 45-106F9: Form For Individual Accredited Investors.

Purchaser first and last name (please print):	SIN #:
Signature:	Date:

TO BE COMPLETED BY SALESPERSON OR ISSUER REPRESENTATIVE

I confirm that the information set out above is accurate.

Salesperson or issuer representative first and last name (please print):	
Signature:	Date:

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EXHIBIT 2

CLOSE PERSONAL FRIEND AND/OR
CLOSE BUSINESS ASSOCIATE QUESTIONNAIRE

TO: ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION (THE "CORPORATION")

To be completed by Subscribers to whom the "close personal friend" or the "close business associate" aspect of subsections 6(d)(ii)(D), (E), (F), (H) or (I) of the Subscription Agreement applies. For the purposes of this certificate "close personal friend" means that you have directly known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or member of the same organization, association or religious group or a client, customer or former client or customer or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual. For the purposes of this certificate "close business associate" means that you have had a direct sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or person introduced or solicited for the purpose of purchasing securities or a client, customer or former client or customer or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual.

Name of director, executive officer, control person or founder: _____

Length of Relationship: _____

Details of Relationship: _____

_____

Prior Business Dealings (if applicable): _____

The undersigned understands that the Corporation is relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus and registration requirements of the applicable securities laws.

The undersigned has executed this Questionnaire as of the _____ day of _____, 20__.

If a Corporation, Partnership or other Entity:

Name of Entity

_____

_____
Signature of Person Signing

_____
Title of Person

If an Individual:

_____
Signature

_____
Name of Individual

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EXHIBIT 3

RISK ACKNOWLEDGEMENT FORM

Risk Acknowledgement
Saskatchewan Close Personal Friends and Close Business Associates

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities for 4 months.
- I could lose all the money I invest.
- I do not have a 2 day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2 day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing $_____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or **close** business associate of _____ [state name], who is a _____ [state title - founder, director, executive officer or control person] of Atlantic Advantage Mortgage Investment Corporation.

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

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

_____ _____
Date Signature of Purchaser

_____
Print name of Purchaser

W A R N I N G

You are buying *Exempt Market Securities*

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

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

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

You may not receive any written information about the issuer or its business

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

You will not receive advice.

Unless you consult your own professional advisors, you will not get professional advice about whether the investment is suitable for you.

The issuer of your securities is a non-reporting issuer.

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

The securities you are buying are not listed.

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at **http://www.sfsc.gov.sk.ca**.

You must sign 2 copies of this form. You and the Corporation must each receive a signed copy

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EXHIBIT 4

FORM 45-106F12
RISK ACKNOWLEDGEMENT FORM FOR FAMILY, FRIEND AND BUSINESS ASSOCIATE INVESTORS

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER	
1. About your investment	
Type of securities: Class A Preferred Shares	Issuer: Atlantic Advantage Mortgage Investment Corporation
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	**Your initials**
Risk of loss – You could lose your entire investment of $_____. *[Instruction: Insert the total dollar amount of the investment.]*	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.	
3. Family, friend or business associate status	
You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:	**Your initials**
A) You are: *1) [check all applicable boxes]* □ a director of the issuer or an affiliate of the issuer □ an executive officer of the issuer or an affiliate of the issuer □ a control person of the issuer or an affiliate of the issuer □ a founder of the issuer OR *2) [check all applicable boxes]* □ a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above □ a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above	
B) You are a family member of _____ *[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]*, who holds the following position at the issuer or an affiliate of the issuer: _____. You are the _____ of that person or that person's spouse. *[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]*	

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C) You are a close personal friend of _____ *[Instruction: Insert the name of your close personal friend]*, who holds the following position at the issuer or an affiliate of the issuer: _____. You have known that person for _____ years.	
D) You are a close business associate of _____ *[Instruction: Insert the name of your close business associate]*, who holds the following position at the issuer or an affiliate of the issuer: _____. You have known that person for _____ years.	

4. Your name and signature

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.

First and last name (please print):	
Signature:	Date:

SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE

5. Contact person at the issuer or an affiliate of the issuer

[*Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]*

By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: *[check the box that applies]*

- □ family relationship as set out in section 3B of this form
- □ close personal friendship as set out in section 3C of this form
- □ close business associate relationship as set out in section 3D of this form

First and last name of contact person *[please print]*:	
Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):	
Telephone:	Email:
Signature:	Date:

SECTION 6 TO BE COMPLETED BY THE ISSUER

6. For more information about this investment

Name of issuer:	Atlantic Advantage Mortgage Investment Corporation
Address of issuer:	80 Acadia Avenue, Suite 211, Markham, ON L3R 9V1
Contact Person Name:	Jeffrey Wong
Telephone Number:	+1 (905) 940-2783
Email Address:	info@aamic.ca
Website Address:	www.aamic.ca

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.

Signature of executive officer of the issuer (other than the purchaser):	Date:

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.

2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.

3. The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.

4. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus Exemptions. For guidance on the meaning of "close personal friend" and "close business associate", please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus Exemptions.

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APPENDIX A

TO EXHIBIT 4

FORM 45-106F12

CONFIRMATION

TO BE COMPLETED BY PURCHASER

I have come to know my close personal friend/close business associate _____

_____ *[Instruction: Insert name]* through _____

_____

_____

_____

_____

_____.

[Instruction: Explain how you know your close personal friend/close business associate. Describe nature and length of your relationship with person. e.g. frequency of contact and level of trust and reliance]

Purchaser first and last name (please print):	SIN #:
Signature:	Date:

TO BE COMPLETED BY FAMILY, FRIEND OR BUSINESS ASSOCIATE

I confirm that the information set out in the attached Form 45-106F12: Risk Acknowledgement Form For Family, Friend and Business Associate Investors completed by the Purchaser is accurate.

Family, Friend or Business Associate first and last name (please print):	
Signature:	Date:

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EXHIBIT 5

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION – MINIMUM AMOUNT EXEMPTION CERTIFICATE

To Be Completed By All Non-Individual Subscribers Subscribing For $150,000 Aggregate Subscription Price or More

TO: ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION (the "Issuer")

In connection with the purchase by the undersigned Subscriber of the Shares, the Subscriber, on its own behalf and on behalf of each disclosed principal for whom the Subscriber is acting (collectively, the "Subscribers"), hereby represents, warrants, covenants and certifies to the Issuer (and acknowledges that the Issuer and its counsel are relying thereon) that:

(a) the Subscriber is not an individual;

(b) the Subscriber is resident in or subject to the securities laws of one of the provinces or territories of Canada;

(c) the Subscriber is purchasing the Shares as principal for its own account and not for the benefit of any other person;

(d) the Shares have an acquisition cost to the Subscriber of not less than $150,000, payable at the closing of the investment;

(e) the Subscriber was not created and is not being used solely to purchase or hold securities in reliance on the prospectus exemptions provided under Section 2.10 of NI 45-106, and it pre-existed and has a bona fide purpose other than investment in the Shares; and

(f) upon execution, this Exhibit 5 is incorporated into and forms a part of the Subscription Agreement to which it is attached.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Date (as defined in the Subscription Agreement to which this is attached) and the Subscriber acknowledges that this minimum amount exemption certificate is incorporated into and forms a part of the Subscription Agreement to which it is attached. If any such representations shall not be true and accurate prior to the Closing Date, the undersigned shall give immediate written notice of such fact to the Issuer prior to the Closing Date.

Dated _____, 20___

For Non-Individual Investors

_____ _____

Full Name of Non-Individual Investor Signature of Authorized Signatory

(please print)

AAMC

EXHIBIT 6 – CONSENT TO DISCLOSURE OF PERSONAL INFORMATION

TO: Atlantic Advantage Mortgage Investment Corporation

The undersigned hereby acknowledges and consents to the collection and disclosure to applicable securities regulatory authorities of personal information relating to the purchase of shares in the capital of Atlantic Advantage Mortgage Investment Corporation.

This information is being collected indirectly by the Securities Commissions under the authority granted to them in securities legislation for the purposes of the administration and enforcement of the securities legislation.

Dated as of the _____ day of _____, 20_____

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

AAMIC

For more information on the indirect collection of information (based on province of residency) please contact:

British Columbia
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)

Saskatchewan
Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Alberta
Alberta Securities Commission,
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

Manitoba
The Manitoba Securities Commission
500 - 400 St. Mary Avenue Winnipeg,
MB R3C 4K5
Attention: Director of Registrations
Telephone: (204) 945-2548
Fax: (204) 945-0330
Telephone: (902) 424-7768

Ontario
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant Regulation
Telephone: (416) 593-8314
Email: registration@osc.gov.on.ca

New Brunswick
New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Prince Edward Island
Securities Registry
Office of the Attorney General B Consumer,
Corporate and Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or
(877) 525-0337 (in Québec)

Nova Scotia
Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets

Newfoundland and Labrador
Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Telephone: (709) 729-5661

AAMIC

SCHEDULE "B" – CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS

AAMIC

CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS

1. I, the undersigned Subscriber, consent to receiving all documents of Atlantic Advantage Mortgage Investment Corporation (the "**Corporation**") to which I am entitled, electronically rather than by mail. I understand the documents I am entitled to receive are determined by the class of Shares I hold and may include:

    - Transaction statements;
    - Quarterly account statements; and
    - Other information about the Corporation.

2. I understand and agree that the documents I am entitled to receive will be sent to me at my e-mail address set out below.

3. I acknowledge that access to the Internet, e-mail and the worldwide web is required in order to access a document electronically and I confirm that I have such access and I have the ability to access, view, download, and print documents from my computer, including documents in Adobe's Portable Document Format (PDF). (The Adobe Acrobat Reader software is required to view a document in PDF format and is available free of charge from Adobe's website at www.adobe.com).

4. I understand that I may revoke or modify my consent to receive documents electronically; that I may change my e-mail address to which documents are delivered; or request a paper copy of a document for which I have consented to electronic delivery by sending in such notification or request:

    (a) by email to: admin@aamic.ca

    (b) by fax to:
    Atlantic Advantage Mortgage Investment Corporation
    80 Acadia Avenue, Suite 211
    Markham, Ontario, L3R 9V1
    Fax: (905) 940-8692

5. I understand and agree that at any time and without giving me advance notice, the Corporation may elect not to send me a document electronically, in which case a paper copy of the document will be mailed to me.

6. I understand I am not required to consent to electronic delivery.

Dated _____ , 20___

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

_____
Email Address

AAMIC

SCHEDULE "C" – ENROLMENT FORM FOR DIRECT DEPOSIT

AAMIC

Enrolment Form for Direct Deposit

By signing this form, the undersigned agrees to have dividends accrued on Class A Preferred Shares of Atlantic Advantage Investment Mortgage Corporation ("Atlantic") directly deposited to the bank account specified below.

This authorization shall remain in effect until Atlantic has received written notification of its change or termination. This notification must be received at least ten (10) business days before the next scheduled deposit at 80 Acadia Avenue, Suite 211, Markham, Ontario, L3R 9V1, Fax: 905-940-8692.

It is anticipated that dividends will be paid no less frequently than on a quarterly basis.

Investor Information (Please Print Clearly)

Name (s)

Address

Phone

Email

These services are for (check one) ☐ Personal ☐ Business

Bank Account Information (Please attach "Void" cheque)

Financial Institution Number

Branch/Transit Number

Account Number

Financial Institution Name

Branch Address

Signature of Authorized Signatory on Account

Signature of Authorized Signatory on Joint Account (if applicable)

Name (please print)

Name (please print)

Date

Date

AAMIC

SCHEDULE “D” – ANNUAL REPORT

AAMIC

Atlantic Advantage
Mortgage Investment
Corporation

2015 Annual Report

Capital Preservation, Stability & Growth

Atlantic Advantage Mortgage Investment Corporation (the "AAMIC" & the "Corporation") was incorporated in April 2014 and started attracting accredited investors in November 2014. Our vision is to build and grow AAMIC as a prudent, high yield investment vehicle of choice to affluent accredited investors with a clear risk-averse investment strategy.

Our investment mandate is focused on capital preservation, strong stable returns, and growth by retaining and developing talent to ensure risk-based service excellence and operational simplicity and scalability in a cost effective environment superior to our peers.

AAMIC owns all of its short-term mortgages that originated through our Investment Manager, Atlantic (HS) Financial Corporation. AAMIC also has an agreement with Atlantic Advantage Management Inc. (the "Manager") to oversee its day-to-day operations.

LETTER TO SHAREHOLDERS

2015 is the first year of operations for Atlantic Advantage Mortgage Investment Corporation ("AAMIC" or the "Corporation"). AAMIC's mandate is to provide investors with a professionally managed mortgage investment portfolio, managed prudently to generate consistent and regular returns while safe-guarding the investment capital. From the onset, the AAMIC founders and executive team are determined to build this Corporation into a transparent, scalable, respected and solid investment proposition that can stand alongside much larger and established peers in the Canadian mortgage investment landscape. We are excited to have Ernst & Young LLP as our auditors, and to have the fortitude of an independent Advisory Committee to share knowledge on industry trend and technology advances beneficial to our growth. We also joined the Ontario Mortgage Investment Corporation Association (the "ONMICA") as an inaugural member. All these are critical building blocks to guide the Board and the Executive Team in growing AAMIC and fulfilling its mandate to its investors and stakeholders.

Like any MIC start-up, the first few years are expected to be the most challenging in terms of achieving solid growth in both the mortgage investment portfolio and investor base, not least because of being an 'unknown' in the market. There is also the potential risk of growing one side of the balance sheet to meet the growth demands of the other side, resulting in either a high-maintenance investor demographic (e.g. speculative and erratic investors), a weak mortgage portfolio or both. To manage this risk, AAMIC relies on its Credit Committee and adherence to its underwriting criteria drawn from established Canadian scheduled banks practices. All investors are also personally vetted by the Executive Team to determine that AAMIC can properly and adequately service their investment behaviours and objectives.

AAMIC was incorporated in February 2014 and obtained its CRA letter as a registered plan investment vehicle in October 2014. The Corporation funded 5 mortgages totalling $1.88 million and rejected 7 applications totalling $2.16 million during its inaugural year. As at June 30, 2015, AAMIC has attracted 26 investors with $1.36 million AUM, earned $76,066 in interest and other income against accumulated expenses of $19,981 and distributed $46,930 to its investors. Existing mortgage portfolio comprised of 3 mortgages in good standing totalling $1,300,000.

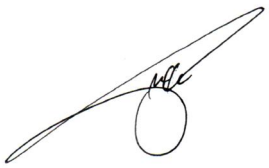
The introduction of B-20 and B-21 by the Office of the Superintendent of Financial Institutions ("OSFI") and new Canada Mortgage and Housing Corporation ("CMHC") guidelines have tightened the underwriting criteria in the tier-1 mortgage market and correspondingly made the tier-2 market more competitive in terms of mortgage origination. We anticipate the overall Canadian housing prices to remain high albeit increasing at a slower pace. At the same time, AAMIC continues to remain vigilant should there be a housing market downturn and will adjust underwriting criteria to respond to market

conditions, if necessary. Our continued preference for short-term mortgages of one year or less are expected to further mitigate any adverse impact from such a down turn.

From an investor perspective, the Ontario Securities Commission (the "OSC") amended its NI-45-106 and saw the elimination of the $150,000 Minimum Amount Exemption for Ontario investors and introduced the Friends, Family, and Business Associates Exemption and Risk Acknowledgement Forms. These changes are part of its ongoing mandate for investor education and protection and also to make Ontario regulatory regime in line with other major provinces.

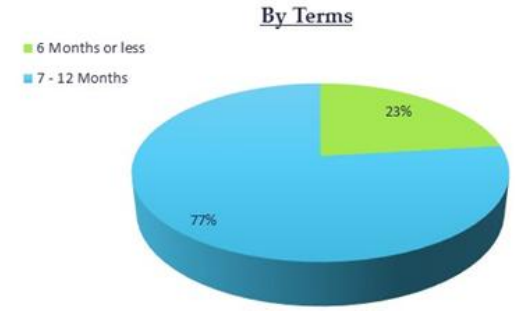
For fiscal 2015, AAMIC will continue its effort to grow its mortgage pipeline and further automate our back-office operations.

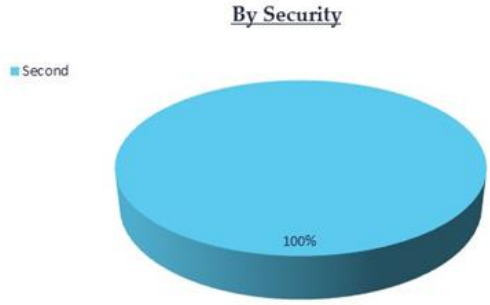
I would like to take this opportunity to express my appreciation to our shareholders for their support, our Board of Directors for their wise counsel, our independent advisors for sharing their wisdom and the entire AAMIC team for their hard work over the past year. Dedication and commitment shown by our team will provide a strong foundation for success, solid growth and a robust performance for the years ahead.



Frank S. Pa
President & Chief Executive Officer

PERFORMANCE HIGHLIGHTS





Dividend History (Fiscal Year)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cum.
2014							-	-	*$0.20*	-	-	*$0.20*	*$0.40*
2015	-	-	*$0.20*	-	-	*$0.20*							*$0.80*

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1 RESPONSIBILITY OF MANAGEMENT

This Management's Discussion and Analysis ("MD&A") for Atlantic Advantage Mortgage Investment Corporation (the "AAMIC") should be read in conjunction with the audited financial statements and notes thereto for the year ended June 30, 2015 included herein which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Investment in AAMIC is subject to certain risks and uncertainties described in the AAMIC Offering Memorandum, which should be read in conjunction with this MD&A. These documents are available on our website at www.aamic.ca.

Management is responsible for the information disclosed in this MD&A. AAMIC has in place appropriate procedures, systems and controls to ensure such information is materially complete and reliable. In addition, the Board of AAMIC has reviewed and approved the MD&A and the audited financial statements and notes thereto for the year ended June 30, 2015.

This MD&A contains certain forward-looking statements and non-IFRS financial measures, see "Forward-Looking Statements" and "Non-IFRS Financial Measures".

2 FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements relating to anticipated future events, results, performance, expectations or circumstances that are not historical facts but instead represent our beliefs regarding future events and are subject to inherent risks and uncertainties. We caution readers of this MD&A not to place undue reliance on our forward-looking statements. Actual results may differ materially from management expectations projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that AAMIC may invest in and the risks detailed from time to time in the Corporation's public disclosures.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Corporation, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, AAMIC and Atlantic Advantage Management Inc. (the "Manager") do not undertake, and specifically disclaim any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

3 NON-IFRS FINANCIAL MEASURES

This MD&A contains certain non-IFRS financial measures. A non-IFRS financial measure is defined as a numerical measure of the Corporations's historical or future financial performance, financial position, or cash flows that excludes amounts or is subject to

adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with IFRS in the financial statements or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-IFRS financial measures disclosed herein are meant to provide additional information and insight regarding the historical operating results and financial position of AAMIC. These measures are not in accordance with, or a substitute for IFRS and may be different from or inconsistent with non-IFRS financial measures used by others.

4 CORPORATION & INDUSTRY OVERVIEW

AAMIC is committed to establishing itself in the mortgage investment industry as a risk adverse, prudent registered plan recognized mortgage investment vehicle for eligible investors in Canada. AAMIC growth will always be tightly controlled within this mandate in order to ensure capital preservation, stable income and effective operational infrastructure controls for the benefit of investors and stakeholders. As such, AAMIC is not suitable for those searching for high-risk-high-return or short-term and temporary investments.

As an Ontario Securities Commission (the "OSC") regulated Mortgage Investment Corporation, AAMIC generates monthly mortgage interest revenue from its portfolio of mortgages that are secured by real properties consisting primarily of multi-residential, office, retail, industrial or other commercial properties in Canada. AAMIC may at times also charge lenders fees to mortgagors at the onset of mortgage funding which are then treated as deferred income over the term of such mortgages. Mortgages are either first ranking, a junior position in a first ranking mortgage, or a second ranking mortgage. Individual mortgages may be secured by more than one property owned by the same mortgagor, often referred to as a blanket mortgage. AAMIC may invest in mortgages on a participation basis with parties related to the Manager.

Mortgage loan default may arise from a number of reasons, such as a breach of covenant and does not necessarily mean it is non-paying, past due or impaired. When a loan goes into default, the Manager may take a number of different actions to secure the repayment of the loan. Working out default loans requires specialized knowledge and extensive experience in order to ensure capital and interest recovery. The Manager has been in the mortgage industry and operated as a mortgage broker for over 19 years and handled more than 30,000 mortgage loans totalling over $10 billion over the last 10 years, and provided conduits in excess of $50 million for mortgage investors. It has originated over $75 million of loans since its inception, with a 0.1% loss experience. The Manager's sister entity Atlantic (HS) Capital Inc., was established in 2006 as an intermediary for private high net worth investors to participate directly in the funding and investment of alternative commercial and residential mortgages. Atlantic (HS) Capital Inc. has not incurred any losses since inception.

Global petroleum production is expected to continue to outpace consumption in 2016, leading to softness in oil prices and negatively impact the Canadian Dollar. Commodity prices are also soft as a result of increasing concern about the extent of China economy slow down, its ability to transform from as export economy to one of domestic consumption. This and the Chinese government inconsistency in handling its stock market turmoil and Yuan fluctuations is putting major world stock markets into bear territory. All these factors are bringing downward pressure on both the growth forecast for the Canadian economy and the Canadian Dollar exchange rate, in particular with the US Dollar, at least for the next 12 months or so. As such, Bank of Canada is taking a cautionary approach to interest rates whereas major banks are facing higher cost of funds. The combined effect is likely a subdued trajectory for Canadian mortgage interest rates. Although recent data indicated continued strength in the US economy, the aforementioned global factors is being closely monitored by the Federal Reserve. Due to the low level of Oil prices, the Albertan economy will likely stay subdued for the remainder of 2016. Overall household spending is also likely to be muted in 2016 as a result of little upside movement in the employment rate and wages. While inflationary risk is low, household debt remains high and continues to be closely monitored by financial regulators and the Bank of Canada.

Overall Canadian housing price increases started levelling off towards the end of 2015. Housing starts will also likely to increase at a much more modest rate for 2016. The only exception to such overall modest trends will be Calgary and adjacent major population areas due to a sluggish energy sector.

On the mortgage industry front, regulatory guidelines B-20 and B-21 and tightening CMHC mortgage insurance rules have been introduced to modulate the risks associated with an over-heated housing market. Their combined effects have created an expanded alternative mortgage lending market but correspondingly, increased competition amongst mortgage funding providers.

AAMIC relies on established credit policies and underwriting parameters in all mortgage assessments. All accepted mortgage applications are reviewed and approved by the Credit Committee. Underwriting parameters are continuously assessed and modulated when necessary to reflect market trend and mitigate risks at a portfolio level as well as on specific mortgages. Default risks are further mitigated by offering mortgage terms of one year or less. In addition to assessing potential investors for Accredited Investors and Close Friends and Business Associates eligibility, all potential investors are interviewed by members of the AAMIC Executive Team to ensure AAMIC can properly and adequately service their investment behaviours and objectives. AAMIC will continue to expand its mortgage pipeline into 2016 with experienced residential properties builders and developers that have a long-standing track record of success and in many cases, a positive history with AAMIC or its Investment Manager.

Overall, the selection approach adopted by AAMIC on mortgagors and investors serve to mitigate risks, facilitate operating efficiency and will allow AAMIC to establish a strong presence in the market.

5 MORTGAGE PORTFOLIO

For the year ended June 30, 2015, the Corporation underwrote 5 mortgages totalling $1,880,000, of which 2 were renewed and 2 have since been discharged. During this same period, 7 mortgage applications totalling $2,160,000 were rejected as a result of underwriting review by the Credit Committee.

As at June 30, 2015, the AAMIC had 3 mortgages with a gross value of $1,300,000. AAMIC continues to invest in a diversified portfolio of quality short-term mortgages with maturities of less than one year. The current investment portfolio comprises of 3 sub-ordinated mortgages all located in Ontario. The longest term remaining to maturity is 7 months with a weighted average duration of 5 months, loan-to-value (the "LTV") of 27.95% and average interest rate of 13%.

As at June 30, 2015, total allowance for loan losses was $5,379, representing 41 basis points of the original cost of the mortgage portfolio. No losses were incurred in the 12 months period to June 30, 2015 and all existing mortgages are active and in good standing. The allowance for loan losses is based on assumptions relating to the mortgage portfolio and also reflects short weighted average duration and low LTV of the portfolio. We note that, the passage of time will determine the actual performance of the mortgages and allowance for loan losses will continue to be reviewed by the Credit Committee and, if appropriate, adjusted.

6 FINANCIAL PERFORMANCE

For the year ended June 30, 2015, its first full year of operations, AAMIC had a net income of $56,090. Income from operations comprised of mortgage interest income of $65,147 and one-time mortgage administration fees and discharge fees totalling $10,919. Total expenses for the period amounted to $19,976 of which $8,667 was for management fees paid to Atlantic Advantage Management Inc., Manager of the Corporation. This represented Management Expense Ratio ("MER") of approximately 1.47% on the average investor pool balance for the year.

7 BALANCE SHEET HIGHLIGHTS

Total assets as of June 30, 2015 were $1,335,154. Total assets comprised primarily of mortgages, short-term bank balances, and accrued interest receivables.

Total liabilities of $202,549 as at June 30, 2015 consisted mainly of shareholders loans $177,942 and Q4 accrued dividends to Class A Preference Shares of $21,748. The shareholders loans are further discussed under Related Party Transactions and in the accompanying audited financial statements.

AAMIC issued 112,335 Class A (non-voting) Preferred Shares to 26 investors in its first year of operation. Of these, 5 are RRSP investors with amounts invested totalling $433,350. There were

no redemptions during the year. The Corporation made distribution of $46,930 in its inaugural year representing a net yield of 8% to its investors on an annualized basis.

8 LIQUIDITY & CAPITAL RESOURCES

AAMIC manages its capital structure in a manner that allows it to support ongoing operations while focusing on its primary objectives of capital preservation and building itself as a reputable, risk adverse investment vehicle for eligible investors in Canada. AAMIC reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage and loan investment opportunities, the availability of capital and anticipated changes in general economic conditions.

Access to liquidity is crucial for AAMIC as it allows the Corporation to grow by making full use of mortgage market opportunities under the risk controlled capital preservation mandate and continued adherence as an eligible MIC within section 130.1 of the Income Tax Act (Canada). The Corporation has not entered into any credit facility with any financial institution or issue any debenture shares. Instead, the founders (holders of AAMIC common shares) have agreed and committed to providing interest free demand loans to AAMIC in order to secure mortgage lending on a short-term basis and repayable as the Corporation acquires new or additional investment funds from new or existing investors. Such shareholders loans are further discussed in details under Related Party Transactions and the accompanying audited financial statements.

9 RELATED PARTY TRANSACTIONS

Manager

AAMIC is managed by Atlantic Advantage Management Inc. (the "Manager"), a related party by virtue of common management. The Manager is responsible for the management and administration of the Corporation's mortgage investment portfolio. Pursuant to the Management Agreement, the Manager is entitled to a Management Fee of up to 4.00% per annum of the investors' pool of the Corporation, calculated daily and paid monthly in arrears. Upon approval by the AAMIC Board, the Manager is also entitled to receive a performance fee equal to 12.50% of AAMIC net operating income remaining after distribution of dividend to its Class A Preference Shares shareholders of at least 8% on a per annum basis, failing which no performance fee shall be payable to the Manager for such annual period. The Manager will calculate the final Performance Fee of a completed calendar year based on the audited financial statements for that year. This Performance Fee will become payable to the Manager within 15 days after the issuance of the Corporation's audited financial statements for that year. During this first fiscal period of the Corporation, the Manager earned management fees of $8,667, equivalent to approximately 1.47% on the average investor pool balance for the year.

Common Control

Mr. Frank S. Pa is the President and CEO of the Corporation, the Manager and the Investment Manager. In addition, the Manager and the

Investment Manager are related to the Corporation through common control.

Shareholders Mortgage Funding Advances

As part of mortgage lending liquidity management, the founders (holders of AAMIC common shares) have agreed and committed to provide interest free demand loans to AAMIC in order to secure mortgage lending on a short-term basis and repayable as the Corporation acquires new or additional investment funds from new or existing investors. In turn, the founders are entitled to the mortgage interests earned on that portion of outstanding balances funded by such shareholder loans calculated on a daily basis and only on that portion of earned mortgage interests attributable to AAMIC invested principal is earned by the Corporation.

During the fiscal year ended June 30, 2015, AAMIC funded two subordinated mortgages from such shareholder loans.

The first being a subordinated mortgage AAMIC co-invested with other parties, one of which is related by virtue of common management. The amount of this subordinated mortgage was $3 million, of which AAMIC share is $1 million. AAMIC ranks parri-passu with all other subordinated lenders on this mortgage. The term for this mortgage is one year and matured on December 15, 2015, with a 13% interest rate per annum. Loan–To-Value (the "LTV") was 15.79%. As at June 30, 2015, the amount of shareholders mortgage funding advance balance pertaining to this loan was $177,942, comprised of principal of $176,650 and accrued interests of $1,292. Mortgage interests earned by founders from this funding advance was $42,385 and that earned by AAMIC were $29,476.

The second subordinated mortgage that was likewise initiated with shareholders mortgage advance loan was for $450,000 at 8% interest per annum with a LTV of 59.37% for a one year term but it was discharged after only one month in April 2015. Mortgage interest earned by founders from their shareholder loans was $3,369 and that earned by AAMIC was $518.

10 COMMITMENTS & CONTINGENCIES

In the ordinary course of business activities, AAMIC may be contingently liable for litigation and claims arising from its mortgage investing operations. Where required, management records adequate provisions in the accounts. As at June 30, 2015, AAMIC did not have and was not aware of any outstanding litigations against the Corporation or its Board and Executives pertaining to matters of the Corporation.

AAMIC evaluates potential mortgages as well as new investors on an ongoing basis. Subsequent to June 30, 2015 and up to the date of this report, AAMIC had issued two mortgage commitment letters totalling $1.9 million and received $585,500 new registered investment transfers from 6 investors that are being processed by Olympia Trust on AAMIC's behalf.

11 OFF-BALANCE SHEET ARRANGEMENTS

AAMIC does not utilize off-balance sheet arrangements.

12 RISK MANAGEMENT

AAMIC is exposed to various financial instrument risks in the normal course of business. The Manager of the Corporation have put in place various procedures and safeguards to mitigate these risks in order to ensure the preservation of capital as well as the achievement of acceptable and consistent rates of return. For details on financial instrument risks and management's response to these risks, please see note 3(b) of the audited financial statements.

13 CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Manager to make judgments, 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 allowance for loans losses is the most important estimate, which takes into consideration assumptions regarding local real estate market conditions, interest rates movement, the availability of credit, impact of present or future legislation and regulation as well as the maturity, duration, past and anticipated performance and well-being of each mortgage in the mortgage portfolio of the Corporation

Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated allowance for loan losses could vary by a material amount.

14 ADDITIONAL INFORMATION

Jeffrey Wong
General Manager and Chief Financial Officer
Phone: (905) 940-2783 x 236

Atlantic Advantage
Mortgage Investment Corporation
80 Acadia Avenue, Suite 211
Markham, Ontario L3R 9V1
Tel: 905-940-2783
Email: admin@aamic.ca
Website: www.aamic.ca

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Audited Financial Statements of

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

As at June 30, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of

Atlantic Advantage Mortgage Investment Corporation

We have audited the accompanying financial statements of Atlantic Advantage Mortgage Investment Corporation, which comprises the statements of financial position as at June 30, 2015 and 2014, and the statements of comprehensive income, changes in shareholder's equity and cash flows for the periods ended June 30, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Atlantic Advantage Mortgage Investment Corporation as at June 30, 2015 and 2014, and its financial performance and its cash flows for the periods ended June 30, 2015 and 2014 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada,
January 25, 2016

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

Statement of Comprehensive Income

For the period ended June 30

	Notes	2015	2014
		$	$
Revenue			
Mortgage Interest Income		65,147	-
Other Interest Income		10,919	-
Gross Revenue		**$ 76,066**	**$ -**
Expenses			
Management Fee/ACI Fees	4	8,667	-
Provision for Loan Losses		5,379	-
Accounting & Audit		9,500	-
Legal Fees		2,472	-
Licenses, Registration & Trademark		1,560	-
Administration Overhead		339	-
Bank Interest & Charges		363	-
Miscellaneous		701	-
Total Expenses		**$ 28,981**	**$ -**
Comprehensive Income		**$ 47,085**	**$ -**

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

Approved on behalf of the Board:

Frank Pa (President & CEO)

Jeffrey Wong (CFO)

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

Statement of Financial Positions

For the period ended June 30

	Notes	2015	2014
		$	$
Assets			
Bank & Cash		32,222	100
Interest Receivables		8,311	-
Investments in Mortgages	5	1,300,000	-
Allowance for Loan Losses		(5,379)	-
Total Assets		**$ 1,335,154**	**$ 100**
Liabilities			
Accounts Payable & Accrued Liabilities		11,740	-
Due to Related Parties		119	-
Dividends Accrued		21,748	-
Shareholder Loan		177,942	-
Total Liabilities		**$ 211,549**	**$ -**
Share Captial		1,123,450	100
Retained Earnings		155	-
Shareholders' Equity		**$ 1,123,605**	**$ 100**
Total Liabilities & Shareholders' Equity		**$ 1,335,154**	**$ 100**
Redeemable shares: Class A Preference Shares	6	1,123,350	-
Voting Shares	6	100	100
Number of Class A Preferred Shares Outstanding		112,335	-
Par value of Class A Preferred Shares		**10.00**	**-**

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

Approved on behalf of the Board:

Frank Pa (President & CEO)

Jeffrey Wong (CFO)

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

Statement of Cash Flows

For the period ended June 30

	Notes	2015	2014
		$	$
Operations			
Net Earnings		47,085	-
Items Not Affecting Cash:			
Allowance for loan losses		5,379	-
Change in Other Assets and Other Liabilities			
Interest Receivables		(8,311)	-
Other Receviables & Prepaids		-	-
Accounts Payable & Accrued Liabilities		11,740	-
Intercompany Balances		119	-
Cash from Operations		**$ 56,012**	**$ -**
Financing			
Issuance of Class A Preference Shares Net of Redemptions		1,123,350	-
Issuance of Common Shares		-	100
Dividends Paid		(46,930)	
Shareholders Loans Advanced		177,942	-
Dividends Accrued		21,748	-
Cash from Financing		**$ 1,276,110**	**$ 100**
Investments			
Investment in Mortgages		(1,300,000)	-
Cash Used in Investments		**$ (1,300,000)**	**$ -**
Net Changes in Cash Position		**$ 32,122**	**$ 100**
Cash, Beginning of Period		100	-
Cash, End of Period		**$ 32,222**	**$ 100**

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

Approved on behalf of the Board:

Frank Pa (President& CEO)

Jeffrey Wong (CFO)

ATLANTIC ADVANTAGE MORTGAGE INVESTMENT CORPORATION

Statement of Changes in Equity
For the period June 30

	Notes	2015		2014	
		Unit	$	Unit	$
Share Capital					
Common Shares		100	$ 100	100	$ 100
Class A Preferred Shares					
Opening Balance		-	-	-	-
Issuance from cash		112,335	1,123,350	-	-
Closing Balance		**112,335**	**1,123,350**	**-**	**-**
Share Capital, End of Year		**112,435**	**$ 1,123,450**	**100**	**$ 100**
Retained Earnings					
Beginning of Year			-		-
Comprehensive income for period			47,085		-
Dividend Declared			(46,930)		-
Retained Earnings End of Year			**$ 155**		**$ -**
Shareholders Equity			**$ 1,123,605**		**$ 100**

The accompanying notes are an integral part of these financial statements.
Approved on behalf of the Board:

Frank Pa (President& CEO)

Jeffrey Wong (CFO)

1 OPERATIONS

Atlantic Advantage Mortgage Investment Corporation (the "Corporation" or "AAMIC") is incorporated as a private corporation under the *Business Corporations Act* (Ontario) by Articles of Incorporation February 24, 2014. The Corporation's principal place of business and registered office is in Ontario, Canada.

The Corporation's main activity is that of a Mortgage Investment Corporation ("MIC") operating solely in Canada as defined in Section 130.1(6) of the *Income Tax Act* (Canada) ("ITA").

The Corporation is managed by Atlantic Advantage Management Inc. (the "Manager"). The mortgage broker for the Corporation is Atlantic (HS) Financial Corporation (the "Investment Manager").

These financial statements were approved by the Board of Directors on January 25, 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements of the Corporation have been prepared by the Manager in accordance with International Financial Reporting Standards ("IFRS").

b) Investment Portfolio

Mortgage investments are recorded at amortized cost using the effective interest method and net of allowance for credit losses. Interest income is recorded on an accrual basis. Accrued but uncollected interest is reversed whenever loans are classified as impaired. The Corporation classifies a loan as impaired when, in the opinion of management, there is significant doubt as to collectability, either in whole or in part, of principal or interest. Loans for which interest is contractually past due 90 days are automatically classified as impaired, unless management determines that there is no reasonable doubt as to the ultimate collectability of principal and interest.

Impairment is measured as the difference between the recorded value of the mortgage loan and its estimated realizable amount, determined by discounting the expected future cash flows at the effective interest rate inherent in the loan at the date of origination. When the amounts and timing of future cash flows cannot be estimated with reasonable reliability, either the fair value of any security underlying the loan, net of any expected realization costs, or the observable market price for the loan is used to measure the estimated realizable amount. When a mortgage

loan is classified as impaired, recognition of interest in accordance with the terms of the original loan agreement ceases. Subsequent payments [interest or principal] received on an impaired loan are recorded as a reduction of the recorded investment in the loan.

c) Allowance for Loan Losses

The allowance for loan losses consists of allowances assessed on an individual basis, being provisions against individual credit exposures determined on an item-by-item basis, and allowances assessed on a collective basis, being provisions of a collective nature which cannot be determined on an item-by-item basis, but where a provision should be made due to incurred loss events of which there is objective evidence, whose effects are not yet evident. The balance in the allowance for loan losses account is deducted from the related asset category, except for any provisions against acceptances and off-balance sheet items which will be included in other liabilities. Mortgage provisions are charged to income is the amount required to establish a balance in the allowance for credit losses account which management considers adequate to absorb all credit related losses in its portfolio of on- and off-balance sheet items.

d) Interest Income

Interest income is recognized in the statement of operations on an accrual basis.

e) Dividends to Holders of Redeemable Class A Preference Shares

Dividends payable to holders of redeemable Class A Preference Shares are recognized in the statement of changes in equity when they are authorized.

f) Income Taxes

The Corporation is a 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 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.

g) Share Capital

Class A Preference Shares are classified as equity. Incremental costs directly attributable to the issue of Class A Preference Shares are recognized as a deduction from equity.

h) Net Assets per Share

The Net Assets per Share is calculated by dividing the net assets of Class A Preference Shares by the total number of outstanding Class A Preference Shares at the end of the period.

i) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires Management 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 estimates that Management is required to make relate to the allowance for loan losses for the mortgage portfolio. These estimates 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 the investments in mortgages and underlying security of the mortgages.

j) Future Accounting Changes

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial period ended June 30, 2015 and, accordingly, have not been applied in preparing these financial statements. A summary of these new standards, amendments and interpretations that may impact the Corporation include: -

IFRS 9 - Financial Instruments, ("IFRS 9")

The IASB issued a new standard, IFRS 9, which will ultimately replace International Accounting Standard 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is available for early application. The Corporation is in the process of assessing the impact of the new standard on its financial statements.

IFRS 15 - Revenue Recognition ("IFRS 15")

The IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") in May 2014. The

new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation is in the process of assessing the impact of IFRS 15 on the financial statements.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 13 establishes enhanced disclosure requirements for fair value measurements of financial instruments and liquidity assets.

a) Risk Management

The Corporation has exposure to the following risks from financial instruments: -

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

The Corporation's strategy is to acquire and maintain a diversified portfolio of mortgages on real property in Canada to generate attractive returns in order to pay monthly distributions to its Class A Preference Share shareholders and also preserve capital.

The Manager is given discretionary authority to manage the assets in line with the Corporation's investment restrictions and objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Board of Directors on an ongoing basis.

i) 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, and resulting in a financial loss to the Corporation. This risk arises solely from the mortgages held by the Corporation. For risk management reporting purposes, the Corporation considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Corporation minimizes its exposure to counterparties' credit risks by adherence to established credit policies and underwriting approval procedures of the Corporation. For the 12 months period to June 30, 2015, the Corporation further managed its credit risk exposure by only funding mortgages with maturity terms of one year or less.

Credit Risk is monitored on an ongoing basis by the Manager in accordance with policies and procedures in place and on an annual basis by the Board of Directors.

The Corporation's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at June 30, 2015 is $1,300,000.

ii) Liquidity Risk

Liquidity Risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Corporation's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Corporation's reputation.

As part of mortgage lending liquidity management, the founders (holders of common shares of the Corporation) have agreed and committed to provide interest free demand loans to the Corporation in order to secure mortgage lending on a short-term basis and repayable as the Corporation acquires new or additional investment funds from new or existing investors. In turn, the founders are entitled to the mortgage interests earned on outstanding balances funded by such shareholder loans calculated on a daily basis and only that portion of earned mortgage interests attributable from the Corporation invested principal portion were earned by the Corporation. The Corporation had used such an arrangement on two subordinated mortgages which totalled $1,450,000. The outstanding balance of such shareholder loans as at June 30, 2015 is $176,650.

The Corporation's Offering Memorandum provides for the monthly cancellation of shares and is therefore exposed to Liquidity Risk in meeting shareholder redemptions at each redemption date.

The Corporation's financial assets include a portfolio of mortgages, which are generally illiquid. As a result, the Corporation may not be able to liquidate some of its investments in these instruments in due time in order to meet its liquidity requirements.

The Corporation's Liquidity Risk is managed on an ongoing basis by the Manager in accordance with the policies and procedures in place. The Corporation's overall liquidity is monitored on an annual basis by the Board of Directors.

The Corporation's redemption policy only allows for redemptions from the 10th to the 15th day of the month with a payment to be provided on or before the 15th day of the following month. It is the Manager's policy to have liquid assets comprising cash or access to shareholder loans from founders of the Corporation and bank facilities in order to meet anticipated redemptions. As at June 30, 2015, the Corporation has not entered into banking facilities agreement with financial institutions.

iii) Market Risk

Market Risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Corporation's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Corporation's strategy for the management of Market Risk is driven by the Corporation's investment objective, which is to invest in a diversified portfolio of mortgages on real property located within Canada that preserves capital and generates returns in order to permit the Corporation to pay monthly distributions to its Class A Preference Share shareholders.

The Corporation's Market Risk is managed on a daily basis by the Manager in accordance with policies and procedures in place.

iv) 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 policy is to transact in financial instruments that mature in the short term, i.e. no longer than 12 months and the mortgage investment agreements for all mortgages held by the Corporation stipulate an interest rate floor for the respective mortgage.

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.

v) Currency Risk

Currency Risk is the risk that the fair value of financial instruments will fluctuate due to changes in foreign exchange rates. The Corporation is not currently exposed to Currency Risk.

4 RELATED PARTY TRANSACTIONS AND BALANCES

a) The Corporation is managed by the Manager, a related party by virtue of common management. The Manager is responsible for the management and administration of the Corporation's mortgage investment portfolio. Pursuant to the Management Agreement, the Manager is entitled to a Management Fee of up to 4.00% per annum of the investors' pool of the Corporation, calculated daily and paid monthly in arrears. Upon approval by the Corporation's Board, the Manager is also entitled to receive a performance fee equal to 12.50% of the Corporation's net operating income remaining after distribution of dividend to its Class A Preference Shares shareholders of at least 8% on a per annum basis, failing which no performance fee shall be payable to the Manager for such annual period. The Manager will calculate the final Performance Fee of a completed calendar year based on the year-end financial results for that year. This Performance Fee will become payable to the Manager within 15 days after the issuance of the Corporation's audited financial statements for that year. During this first fiscal period of the Corporation, the Manager earned management fees of $8,667, equivalent to approximately 1.47% on the average investor pool balance for the year.

b) Mr. Frank S. Pa is the President and CEO of the Corporation, the Manager and the Investment Manager. In addition, the Manager and the Investment Manager are related to the Corporation through common control.

c) All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Corporation will invest in mortgages on its own right or on a participation basis with parties related to the Manager. In addition, certain mortgage broker duties are performed by the Investment Manager.

d) As part of mortgage lending liquidity management, the founders (holders of the Corporation's common shares) have agreed and committed to provide interest free demand loans to the Corporation in order to secure mortgage lending on a short-term basis and repayable as the Corporation acquires new or additional investment funds from new or existing investors. In turn, the founders are entitled to the mortgage interests earned on that portion of outstanding balances funded by such shareholder loans calculated on a daily basis and only on that portion of earned mortgage interests attributable to the Corporation invested principal is earned by the Corporation. During the fiscal year ended June 30, 2015, the Corporation funded two subordinated mortgages from such shareholder loans.

e) The first one is a subordinated mortgage the Corporation co-invested with other parties, one of which was related by virtue of common management. The total amount of this subordinated mortgage was $3 million, of which the Corporation's share was $1 million. The corporation ranks parri-passu with all other subordinated lenders on this mortgage. This $1 million mortgage demanded a 13% interest rate per annum for a one-year term maturing on December 12, 2015. Loan–To-Value (the "LTV") was 15.79%. As at June 30, 2015, the amount of shareholders mortgage advance outstanding was $177,942, comprised of principal of $176,650 and accrued interests of $1,292. Mortgage interests earned by founders from their shareholder loans was $42,385 and that earned by the Corporation was $29,476. The second subordinated mortgage that was likewise initiated with shareholders mortgage advance loan was for $450,000 at 8% interest per annum with a LTV of 59.37% for a one-year term but it was discharged after only one month in April 2015. Mortgage interests earned by founders from their shareholder loans was $3,369 and that earned by the Corporation was $518.

5 MORTGAGE INVESTMENTS

a) Mortgages by Type, Geographic Allocation & Ranking

June 30, 2015	# Mtg	Province	Ranking	Original Cost	FairValue
Residential	2	ON	2nd	$ 1,150,000	$1,150,000
Commercial	-	-	-	-	-
Retail	1	ON	2nd	150,000	150,000
	3			**$ 1,300,000**	**$1,300,000**

b) Mortgage Portfolio Details

June 30, 2015	City	Prov.	Property Value	Original Loan $	LTV	Interest Rate	Months Remain
3143 Ninteenth Ave.	Markham	ON	$84,000,000	$1,000,000	15.79%	13.00%	5
Unit 182, 196, 3255 Hwy 7 E	Markham	ON	570,000	150,000	69.42%	14.00%	7
93 Churchill Ave.	Toronto	ON	800,000	150,000	67.55%	12.00%	6
				$1,300,000	Average Duration		5

* In cases where AAMIC does not have the primary interest in a property, the LTV takes into account primary interest on the mortgage property in addition to AAMIC interest.

c) Mortgage Default & Mortgage Provisions

A mortgage is considered in default when a payment has not been received by the contractual due date, or a term in the mortgage agreement has been breached. Mortgages that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest.

As at June 30, 2015, total allowance for loans losses was $5,379, representing 41 basis points of the carrying value of the mortgage portfolio. No losses were incurred in the 12 months period to June 30, 2015 and all existing mortgages are active and in good standing. The allowance for loan losses is based on assumptions relating to the mortgage portfolio and also reflects the less than 6 months weighted average duration and low LTV of the portfolio.

6 SHARE CAPITAL

As at the date of incorporation on June 30, 2015, there were an unlimited number of Voting Common Shares and 10 million Non-voting Class A Preferred Shares (nominal value of $10 each) authorized of which 100 Voting Common Shares were issued and outstanding.

a) Voting Common Shares

The holders of the Common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to exercise one vote for each share, in person or by proxy, at all such meetings of shareholders of the Corporation.

The holders of the Common shares shall not be entitled to receive dividends of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets or property of the Corporation among shareholders for the purpose of

winding-up its affairs, the holders of the Common shares shall be entitled, subject to the prior rights attaching to the Class A Preferred shares or any other shares entitled to share or participate in any distribution of the property or assets of the Corporation, to receive the remaining property of the Corporation.

b) Non-voting Class A Preferred Shares

The holders of the Class A Preferred shares shall not be entitled to receive notice of or to attend or vote at meetings of the shareholders of the Corporation but shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof.

The holders of the Class A Preferred Shares shall be entitled to receive dividends in such amounts and at such times as and when declared by the directors of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purposes of winding-up its affairs, the holders of the Class A Preferred shares shall be entitled to receive, in priority to any distribution to the holders of the Common shares or any other shares ranking junior to the Class A Preferred shares, an amount equal to the Redemption Amount (as hereinafter defined) thereof together with all declared and unpaid dividends. After payment to the holders of the Class A Preferred shares of the amounts so payable to them as above provided, they shall not be entitled to share or participate in any further distribution of the property or assets of the Corporation.

Monthly and annual redemptions for shareholders of Class A Preferred Shares will be according to the following procedures: -

i) Redemption by the Corporation

The Corporation may redeem all or any part of its outstanding Class A Preferred Shares upon due notice or consent from the holder of the Class A Preferred Shares. The amount to be paid by the Corporation in respect of each Share to be redeemed shall be an amount equal to the original amount paid up on the Class A Preferred Shares to be redeemed together with all dividends declared thereon and unpaid as at the Redemption Date.

ii) Retraction Rights of Shareholders

A Class A Preferred Share shareholder may apply to the Corporation for redemption of all or part of the shareholder's shares, provided the date of application for redemption is at least 90 days prior to the redemption date, subject to certain conditions: -

- No retraction during the first 4 months from first issuance date.

- The Corporation has the discretion to reject or defer any redemption application by a holder of Class A Preferred Shares where, in the view of the Corporation, such redemption will result in the Corporation failing to qualify as a MIC under the ITA or which would otherwise be contrary to applicable laws.
- The Redemption Amount is further subject to following reduction: -
  - During the period that is 4 months and one day up to and including the date which is 12 months from the date of issuance of the Shares to be redeemed (the "Issuance Date"), the Redemption Amount shall be reduced by 5%;
  - During the period that is 12 months and one day up to and including the date which is 24 months from the Issuance Date, the Redemption Amount shall be reduced by 3%;
  - During the period that is 24 months and one day up to and including the date which is 36 months from the Issuance Date, the Redemption Amount shall be reduced by 2%; and
  - Where a holder of Class A Preferred Shares is a Substantial Shareholder (as defined in the ITA) holds a total number of shares equal to or greater than 10% of the total number of Class A Preferred Shares outstanding, such a Substantial Shareholder will be restricted to redeeming no more than 20% of its shares in any quarter.

As a result of the above, the corporation has recorded the preferred shares as equity on the statement of financial position.

7 KEY MANAGEMENT PERSONNEL COMPENSATION

The Corporation paid $Nil to the members of the Board and Independent Review Committee for their services to the Corporation. The compensation to senior management and staff of the Manager is remunerated through the management fees paid to the Manager (Note 4a).

8 SUBSEQUENT EVENTS

Subsequent to June 30, 2015 and up to the date of this report, the Corporation has funded 8 new mortgages totalling $4,422,600. 5 of these new mortgages totalling $3,508,000 were partially funded by shareholders advances of $2,070,430 and participation by an affiliated entity of $600,000. The

Corporation also issued 191,382 Class A Preferred Shares ($1,913,820) to 17 new and 5 existing investors during this period.

9 CONTINGENT LIABILITIES

In the ordinary course of business activities, the Corporation may be contingently liable for litigation and claims arising from its operations including the investing in mortgages and loans. Where required, management records adequate provisions in the accounts. As at June 30, 2015, the Corporation did not have and was not aware of any outstanding litigations against the Corporation or its Board and Executives pertaining to matters of the Corporation.

BOARD OF DIRECTORS

Frank S. Pa, *AMP*
President & CEO, Director
Atlantic (HS) Financial Corporation
Markham ON Canada
Director since 2014

Jeffrey L. Wong, *C.A. (ICAS)*
General Manager & CFO, Treasurer
Markham ON Canada
Director since 2014

Shing B. Tung, *B.A.*
Corporate Director, Secretary
Markham ON Canada
Director since 2014

Dr. Collin Hong, *M.D., F.R.C.S. (C))*
Founder & President
Cosmetic Surgery & Skin Management Inc.
Toronto ON Canada
Director since 2014

Debbie M.K. Lui,
Corporate Director
Toronto ON Canada
Director since 2014

INDEPENDENT ADVISORS

Charles Dwight, *MBA, L.L.M., C.F.A., C.A.L.A.*
Founder & President
Equinox Investment Management Inc.
Toronto ON Canada

Randall (Randy) Rutherford, *HBA, M. Phil.*
Vice President
Banking & Investment Solutions, CGI
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