

Offering Memorandum

March 15, 2024



threepoint
CAPITAL

INVEST. LEND. GROW.

This Offering Memorandum constitutes an offering of securities only in Canada, and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of securities. No person has been authorized to give any information or make any representation not contained herein. Any such information or representation that is given or received must not be relied upon. This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with the Offering for the purpose of evaluating the securities offered hereby. By accepting this Offering Memorandum, recipients agree that they will not transmit, reproduce, or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

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

OFFERING MEMORANDUM

March 15, 2024



THREE POINT CAPITAL CORP.

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Phone: 250-979-2911

Fax: 250-762-3297

Email: investing@threepointcapital.ca Website: www.threepointcapital.ca

Currently listed or quoted?

No. **These securities do not trade on any exchange or market.**

Reporting Issuer?

No.

THE OFFERING

Securities Offered:

30,000,000 Class A Shares and Class F Series 1 Shares
(Individually, a "Class A **Share**" and a "Class F Share" respectively and collectively the "**Shares**")

Price per Security:

\$1.00 per Share,
(the "Subscription Price")

Maximum Offering:

\$30,000,000 (30,000,000 Shares)

Minimum Offering:

There is no minimum. You may be the only purchaser.

Minimum Subscription Amount:

There is no minimum subscription amount an investor must invest.

Payment Terms:

The full Subscription Price will be payable by personal cheque, bank draft or certified cheque upon closing ("**Closing**") payable to Three Point Capital Corp.

Proposed Closing Date(s):

One or more Closings may occur on a date, or dates established by the Company from time to time. The Company may terminate the offering hereunder at any time without notice.

Income Tax Consequences:

There are important tax consequences to these securities. See **Item 8 - "Income Tax Consequences and Registered Plan Eligibility"**.

Insufficient Funds:

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

Compensation Paid to Sellers and Finders: A person has received or will receive compensation for the sale of the Class A Shares under this offering, but not for the sale of the Class F Shares. See item 9.

Payments to related party: Three Point Capital Wealth Management Inc. (TPCWM) is a registered EMD in British Columbia and Alberta and is a selling agent in respect of the Class A Shares of the Offering. As a result, the Company is a "connected issuer" to TPCWM. See Items 2.1 - "Structure". & 2.2 - "Our Business".

Resale restrictions: You will be restricted from selling your Shares for an indefinite period. You may never be able to resell the Shares. See Item 12 - "Resale Restrictions".

CERTAIN DIVIDENDS OR DISTRIBUTIONS: The directors may, in their discretion, allocate dividends between the Class A Shares and the Class F Shares to adjust for fees and other costs attributable to the sales channels relating to each Class of Shares. See Item 7 - "Certain Dividends or Distributions".

Conditions on repurchases: You will have a right to require the issuer to repurchase the securities from you, but this right is qualified by restrictions in the Company's Articles and a discount if redeemed within 5 years. As a result, you might not receive the amount of proceeds that you want. See Item 5.1 - "Terms of Securities".

PURCHASER'S RIGHTS: You have two (2) business days to cancel your agreement to purchase these Shares. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement. See **Item 13 - "Purchaser's Rights"**.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this Offering Memorandum is "forward-looking information" within the meaning of applicable securities laws. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "target", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the results discussed in the forward-looking information. Information regarding sales revenues, plans for ongoing development, and potential contracts assumes that the prevalent economic conditions will not materially affect the business in a manner greater than anticipated. Although the forward-looking information contained in this Offering Memorandum is based upon assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with this forward-looking information. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the Company's securities should not place undue reliance on this forward-looking information.

In particular, this Offering Memorandum contains forward-looking information pertaining to the following:

- the Company's status as a Mortgage Investment Corporation;
- business development plans and estimated timing;
- business strategy and plans;
- other expectations, beliefs, plans, goals, objectives, assumptions, information; and
- statements about possible future events, conditions, and results of operations or performance.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and, in some instances to differ materially from those anticipated by the Company and described in the forward-looking information contained in this Offering Memorandum. The material risk factors include, but are not limited to:

- the risks of the competition within the Company's industry;
- the risk and changes of international, national and regional economic and business conditions;
- the uncertainty of estimates and projections relating to the real estate industry;
- fluctuations in interest rates;
- uncertainties as to the availability and cost of financing and changes in capital markets;
- adverse changes in real estate prices or other changes that negatively impact the real estate market;
- the possibility that government policies or laws may change, or governmental approvals may be delayed or withheld;
- the Company's ability to implement its business strategy.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations or financial results are included under the heading "Risk Factors" in this Offering Memorandum. Forward-looking information is based on the estimates and opinions of the Company at the time the information is presented. The foregoing statements expressly qualify any forward-looking information contained in this Offering Memorandum. The Company assumes no obligation to update forward-looking information should circumstances or the Company's estimates or opinions change, except as required by law.

PROSPECTIVE INVESTORS SHOULD THOROUGHLY REVIEW THIS OFFERING MEMORANDUM AND ARE ADVISED TO CONSULT WITH THEIR OWN LEGAL AND TAX ADVISORS CONCERNING THIS INVESTMENT.

DOCUMENTS INCORPORATED BY REFERENCE

Any documents of the type referred to in NI 45-106 to be incorporated by reference in an offering memorandum, including any marketing materials that are effective after the date of this Offering Memorandum and before the termination of the Offering, are deemed to be incorporated by reference in this Offering Memorandum. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company at #210 - 1980 Cooper Road, Kelowna, British Columbia V1Y 8K5. Other than to the extent deemed incorporated in this Offering Memorandum under applicable Securities Policies, information contained or otherwise accessed through the Company's website or any website does not form part of this Offering Memorandum or the Offering.

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

GLOSSARY

The following are definitions of certain terms used in this Offering Memorandum, which terms have the following meaning ascribed thereto:

"**Applicable Laws**" means all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Policies.

"**Available Funds**" means, at any time, the Gross Proceeds of the Offering less any selling commissions and fees and the expenses of the Offering, all as more particularly described in the table under "Item 1 – Use of Available Funds".

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, supplemented, restated and in effect from time to time.

"**CIRO**" means the Canadian Investment Regulatory Organization which is the successor of both the Investment Industry Regulatory Organization of (IIROC) and the Mutual Fund Dealers Association (MFDA).

"**Company**" means Three Point Capital Corp., a company incorporated under the laws of British Columbia.

"**Closing**" means completion of a purchase and sale of Shares under this Offering. The Company may have more than one Closing, with the final Closing expected to occur by April 30, 2025, or such other date as the Company may determine in its sole discretion.

"**Commercial Mortgages**" has the meaning ascribed to it under Item 2.2 - "Our Business - Categories of Mortgage Investments - Commercial Mortgages".

"**CRA**" means the Canada Revenue Agency.

"**Credit Facility**" means the syndicated agreement the Company has with the TD Bank as Lead Arranger and RBC as secondary lender, pursuant to a one-year Amended and Restated Credit Agreement dated December 13, 2023, maturing August 2, 2024. Under the Credit Facility Agreement, the Company has an overall maximum credit limit in the amount of \$90,000,000.

"**Dealer Services Agreement**" means the dealer services agreement between Three Point Capital Wealth Management Inc. ("TPCWM"), a party related to the Company, and the Company regarding EMD services

to be provided by TPCWM, which agreement has been in effect since the registration of TPCWM as an EMD in British Columbia on February 3, 2020;

"**DRIP**" means the Company's Dividend Reinvestment Plan. See Item 5.1 - "Terms of Securities - Dividend Policy".

"**EMD**" means an Exempt Market Dealer, as such term is defined in NI 31-103.

"**Fundserv**" means Fundserv Inc., a network that provides platforms for manufacturers, distributors, and intermediaries to buy, sell, and transfer securities.

"**Gross Proceeds**" means for any period, the aggregate subscription amounts raised under this Offering, without deduction.

"**Investors**" mean those Persons subscribing for Shares pursuant to this Offering, and "Investor" means any one of them. Where an Investor has acquired Shares and all or a portion of the subscription amount has been contributed by their Registered Plan, such Investor and the trust governing the Registered Plan shall be collectively referred to as the "Investor".

"**LTV**" means the loan to value ratio, which is determined by dividing the sum of (i) the principal amount outstanding under a loan secured by a Mortgage and (ii) the principal amount owing in respect of any other financial encumbrance registered on the same title as such Mortgage and in priority thereto, by the value of the underlying property, as such value is determined by an independent qualified appraiser or a realtor, or is based on a tax assessment, and in the case of a construction Mortgage, is then pro-rated to the portion of construction complete.

"**Manager**" means Three Point Capital Management Corp., the Company's manager pursuant to a management agreement dated June 1, 2017, and a party related to the Company, as described in Item 2.2 – "Business of the Company – Our Business".

"**Management Agreement**" means the mortgage services and management agreement dated June 1, 2017 between the Company and the Manager with respect to the management of the Company.

"**Mortgage Investment Corporation**" or "**MIC**" has the meaning ascribed to it by the Tax Act.

"**Mortgage**" means a mortgage granted by a borrower in favour of a lender, as security for repayment of a loan, and which is registered against title to such borrower's real property or, if applicable, any guarantor's real property, and for greater certainty, includes, without limitation all agreements, contracts, security documents and other instruments that relate to that Mortgage.

"**NI 31-103**" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations*, as amended, supplemented and restated from time to time.

"**NI 45-106**" means National Instrument 45-106 *Prospectus Exemptions*, as amended, supplemented, and restated from time to time.

"**Offering**" means the offering of the Shares under this Offering Memorandum.

"**Offering Memorandum**" means this confidential Offering Memorandum, including any amendment hereto;

"**Paradigm**" means Paradigm Mortgage Investment Corporation, a corporation incorporated under the laws of British Columbia, and a company related to the Company through common directors and officers.

"**Person**" means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability corporation, association, bank, pension fund, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization.

"**Power of Attorney**" means the power of attorney granted by each Investor to the Company upon execution of the Subscription Agreements, but conditional on the closing thereof.

"**RBC**" means Royal Bank of Canada, the secondary lender under the Credit Facility.

"**RBS/Connect Services Agreement**" means the agreement between the Manager, the Company, and RCMI, pursuant to which RCMI permits the Class F Shares to be made available for subscription and redemption on Fundserv using RCMI's manufacturer's code.

"**RCMI**" means Robson Capital Management Inc.

"**Registered Plans**" mean a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit-sharing plan, a registered disability savings plan or a tax free savings account, all as defined in the Tax Act, and "**Registered Plan**" means any one of them.

"**Residential Mortgages**" has the meaning ascribed to it under Item 2.2 - "Our Business - Categories of Mortgage Investments - Residential Mortgages".

"**Securities Policies**" means the *Securities Act* (British Columbia), and all other applicable securities acts, legislation, policies, rules and instruments of the provinces and territories of Canada and adopted by the securities regulator or regulatory authority of such jurisdictions, as such may be amended from time to time.

"**Shareholder**" means a registered holder of Shares.

"**Subscription Agreement**" means a subscription agreement, including the Power of Attorney granted therein, between the Company and each Investor respecting a subscription for Shares.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, supplemented, restated and in effect from time to time, and it includes all regulations promulgated thereunder.

"**TD Bank**" means the Toronto Dominion Bank and operating as the TD Bank Group, the senior lender to the Company.

"**Term CORRA Loans**" means a loan that bears interest at a rate of the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"**TPCM**" means Three Point Capital Marketing Corp., a company related to the Company by common directors and officers.

"**TPCWM**" means Three Point Capital Wealth Management Inc., a company registered as an EMD in British Columbia and Alberta and connected to the Company by common directors and officers. TPCWM provides EMD services to the Company in British Columbia and Alberta pursuant to the Dealer Services Agreement.

"**Transfer Agency and Services Agreement**" means the transfer agency and services agreement between the Manager, a party related to the Company, and the Company

"**Transfer Agent**" means the party providing transfer agent and registrar services to the Company pursuant to the Transfer Agency and Services Agreement.

"**Workout Loans**" has the meaning ascribed to it under Item 2.2 - "Our Business - Categories of Mortgage Investments - Workout Loans".

In this Offering Memorandum, unless the context otherwise requires, grammatical variations of the words and terms in this Glossary have meanings corresponding to the meanings given in this Glossary. Without limiting the generality of the foregoing, words and terms in the Glossary that give the singular number only include the plural and vice versa, and words and terms importing the masculine, feminine or neuter gender include the other genders.

In this Offering Memorandum, all references to currency are in Canadian dollars unless otherwise indicated.

In this Offering Memorandum, unless the context otherwise requires, terms such as "we", "us" and "our" are meant to refer to the Company and terms such as "you" are meant to refer to Investors who purchase Shares under the Offering and become Shareholders.

In this Offering Memorandum, unless expressly modified by the words "only" or "solely", the words "include", "includes" or "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters but rather are to be construed as meaning "include(s) without limitation" or "including without limitation" (as the context requires) and permitting such general term or statement to refer to all other items or matters that could reasonably fall within its broadest possible scope.

Unless otherwise indicated, the economic and industry data contained in this Offering Memorandum is based upon information from independent industry and government publications. While the Company believes this data to be reliable, market and industry data is subject to variation and cannot be verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified the accuracy or completeness of such information contained herein.

PURPOSE OF THE OFFERING

The purpose of this Offering is to provide Investors with the opportunity to subscribe for Shares. The Company is and intends to remain a "Mortgage Investment Corporation" for purposes of the Tax Act. The Company will invest the Available Funds of the Offering in Mortgages and other permitted investments as described herein. The Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Company in computing its income for the preceding year. Dividends other than capital gains dividends, which are paid by the Company on the Shares to Shareholders, will be included in the Shareholders' incomes as interest.

The Shares will be qualified investments for a trust governed by a Registered Plan at a particular time if the Company qualifies as a MIC under the Tax Act or meets such other obligations as are defined in Item 8 – "Income Tax Consequences and Registered Plan Eligibility".

ITEM 1. USE OF AVAILABLE FUNDS

1.1 Funds

The Available Funds from the Offering and the funds which will be available to us from other sources are as follows:

| | Description | Assuming | |
|---|--|------------------|------------------|
| | | Minimum Offering | Maximum Offering |
| A | Amount to be raised by this Offering ⁽¹⁾ | \$0 | \$30,000,000 |
| B | Selling commissions and fees ⁽²⁾ | \$0 | \$0 |
| C | Estimated offering costs (e.g. legal, accounting, audit, etc.) | \$25,000 | \$25,000 |
| D | Available funds: $D = A - (B + C)$ | (\$25,000) | \$29,975,000 |
| E | Additional sources of funding required | \$0 | \$0 |
| F | Working capital deficiency | \$0 | \$0 |
| G | Total: $G = (D + E) - F$ | (\$25,000) | \$29,975,000 |

Notes to Table:

- (1) In addition to this Offering, the Company also intends to sell Shares under other prospectus exemptions available under NI45-106 outside of this Offering Memorandum. Any such sales will not reduce the Maximum Offering under this Offering Memorandum.
- (2) Pursuant to the Dealer Services Agreement, the Company has engaged TPCWM, a registered EMD captive to and connected to the Company to assist with the sale of Shares. TPCWM will not be paid commissions but will be paid a monthly fee pursuant to the Dealer Services Agreement, which fee is calculated as 0.3% x one-twelfth (1/12) of the number of outstanding Shares of the Issuer each month during the term of the Dealer Services Agreement, plus sales tax, if applicable. In addition to TPCWM, the Company may engage one or more other arm's length EMDs and/or dealers regulated by and members of CIRO. The Company does not anticipate that it will pay any of these arm's length dealers any commissions or trailer fees. In past offerings a 1% trailer was available to arm's length EMDs and at the time of this Offering Memorandum there is only \$1.3 million in share capital outstanding that is currently eligible to receive a 1% annual trailer so long as the

Share to which the trailer fee relates remains issued and outstanding. Trailer fees are not paid from the Gross Proceeds of the Offering. The fee payable under the Dealer Services Agreement and the trailers will be paid by the Company from its income, or from other sources of cash available to it. See Item 2.7 - "Material Contracts - Dealer Services Agreement". Also see Item 9 – "Compensation paid to Sellers and Finders", and Item 10 - "Risk Factors"

1.2 Use of Available Funds

We intend to use the funds available to us from the Offering, as estimated in Item 1.1- "Funds", as follows:

| Description of intended use of available funds listed in order of priority. | Assuming | |
|---|---------------------------------|---------------------|
| | Minimum Offering | Maximum Offering |
| Invest in residential, construction and other Mortgages, through lending secured by real estate in British Columbia, Alberta, and Ontario as described under Item 2 "Business of the Company" (1)(2) | \$0 | \$29,975,000 |
| Totals: Equal to G in the Funds table above | \$(25,000)⁽³⁾ | \$29,975,000 |

Notes to Table:

- (1) It is intended that the Available Funds will be fully invested in Mortgages as described herein. Until the Company fully invests Available Funds, it may elect from time to time to temporarily apply any non-invested Available Funds against the Credit Facility to reduce debt and minimize the related interest expense until acceptable Mortgage investment opportunities are identified. As the Credit Facility is a revolving credit facility, any Available Funds used to pay down the Credit Facility may be re-advanced to the Company for Mortgage investments. See Item 2.2 - "Our Business - Credit Facility and Leverage".
- (2) Any payments to be made to related parties pursuant to the Management Agreement, Transfer Agency and Services Agreement, or the Dealer Services Agreement will not be paid out of Available Funds but will be paid from cash flow from operations.
- (3) If necessary, the Company will provide additional funding from its income or from other sources of cash available.

1.3 Proceeds Transferred to Other Issuers

We intend to spend the available funds as stated, and no significant amount of proceeds of the Offering will be invested in, loaned to, or otherwise transferred to another issuer that is not a subsidiary controlled by us. However, there may be circumstances where a reallocation of funds may be necessary. Funds will only be reallocated for sound business reasons.

ITEM 2. BUSINESS OF THE COMPANY AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

The Company

We are a company incorporated under the BCBCA on February 22, 2017 as "Three Point Capital Corp." The Company amended its Articles on March 22, 2017 to amend the rights of redemption of the Shares. The Company is not a reporting issuer in any jurisdiction, nor are there any intentions to become a reporting issuer, nor are the Shares listed on any stock exchange or quotation and trade reporting system. The Company is carrying on the business of and intends to remain a Mortgage Investment Corporation under the provisions of the Tax Act. The Company is extra-provincially registered to carry on business in Alberta, Saskatchewan, Manitoba and Ontario. The registered and principal office of the Company is 210 - 1980 Cooper Road, Kelowna, B.C. V1Y 8K5.

The Company is licensed as a mortgage broker in British Columbia through the BC Financial Services Authority (BCFSA). In Ontario, the Company is exempt from registration or carries on business through registered or licensed mortgage brokers. The Company may change the provinces outside of British Columbia in which it is licensed as a mortgage broker or become licensed in additional provinces depending on, among other things, financial results from each province and lending opportunities and market conditions.

The Manager

The Company is managed by the Manager, Three Point Capital Management Corp., pursuant to the Management Agreement. The Manager is a related party to the Company by way of common directors and officers. The Manager was incorporated under the BCBCA on March 16, 2001. See "Material Contracts - Management Agreements". The Manager is registered as a licensed mortgage broker in British Columbia,

Alberta and Ontario. See Item 2.2 - "Our Business - The Manager". The Manager also provides transfer agency and related services to the Company pursuant to the Transfer Agency and Services Agreement (as assigned to the Manager). See Item 2.2 - "Our Business - The Manager".

Three Point Capital Wealth Management Inc.-The EMD

Three Point Capital Wealth Management Inc. (TPCWM) was registered as an EMD in British Columbia and Alberta effective February 3, 2020. TPCWM is a company incorporated under the BCBCA on October 18, 2018, as "Three Point Capital Wealth Management Inc." It is extra-provincially registered in the Province of Alberta. TPCWM is a wholly owned subsidiary of the Manager, Three Point Capital Management Corp.

In anticipation of the registration of TPCWM as an EMD, the Company and TPCWM entered into the Dealer Services Agreement, which agreement is dated February 14, 2019, but which only became effective upon the registration of TPCWM as an EMD on February 3, 2020. Pursuant to the Dealer Services Agreement, TPCWM provides dealer services to the Company in respect of the sale of the Shares under the Offering in Alberta and British Columbia. See Item 2.7 - "Material Contracts - Dealer Services Agreement" and Item 9 - "Compensation paid to Sellers and Finders".

The Company will be a "connected issuer" to TPCWM (as those terms are defined in National Instrument 33-105 *Underwriting Conflicts*) in connection with the Offering. The Company will be a "connected issuer" to TPCWM on the basis that both it and the Company are "connected issuers" to the Manager. The Company, the Manager and TPCWM are "connected issuers" on the basis that they have the same officers. Consequently, the Dealer Services Agreement constitutes a related party transaction. See Item 2.2 - "Our Business - The Manager", and Item 10 - "Risk Factors - Conflicts of Interest".

2.2 Our Business

Overview

The Company is a Mortgage Investment Corporation pursuant to Section 130.1 of the Tax Act. As a MIC, the Company intends to operate as a "flow through" conduit by distributing all its net income and net realized capital gains as dividends to its Shareholders. The Tax Act provides that all taxable dividends (other than capital gains dividends) paid by a MIC to its shareholders may be deducted from the MIC's income. As a result, by annually distributing all of its net income, a MIC's income can be reduced to nil such that it does not have to pay income taxes. Rather, the dividends paid to the MIC's shareholders are taxed as income in the hands of the Shareholders, and not as dividends. As a result, the Company does not anticipate paying any income tax. See Item 8 - "Income Tax Consequences and Registered Plan Eligibility".

Our business involves investing in Mortgages through lending secured on real estate in Canada, with the primary purpose of generating returns to our Shareholders. The Company's Mortgage loans typically serve a niche market of individual, construction and corporate borrowers requiring quick response times, and flexible and often short term (generally one year) financing terms that do not typically meet the standard financing criteria of banks, trust companies, credit unions and other traditional lenders, and which are otherwise considered to be more risky. As a result of these more flexible terms and greater risk, higher rates of interest and fees are charged to the borrowers than are generally charged by more traditional lenders, thereby generating greater returns than that which are typically generated on Mortgage loans advanced by these traditional lenders. There is an established and continuing need for Mortgage loans commensurate with the higher yield, higher risk niche in which the Company competes, and, because of this need, the services of private lenders and organizations such as the Company are sought. The Mortgages we invest in are generally sourced by licensed mortgage brokers operating throughout Canada.

Competitors of the Company include other private lenders, other MIC's, mortgage syndicators, individual investors and real estate investment trusts. Each of these lender types typically targets the class of mortgage that it wants in its portfolio to meet the risk tolerance/reward requirements of their investors. For example, a MIC desiring to offer dividends in excess of 10% annualized returns to its investors may be required to accept higher ratio mortgages, development projects, land deals or second mortgages that may carry higher risks but have the potential for greater returns.

In pursuing our business, our objective is to hold a diversified portfolio of Mortgages registered as security on real estate across British Columbia, Alberta and Ontario, Canada, with the most significant exposure in

British Columbia, followed by Ontario. Our Mortgage portfolio will vary from time to time depending on our assessment of real property markets, and general economic conditions in specific regions and nationally within Canada in which the Company may invest. The investment activity of the Company is dependent on a high level of experience and expertise in assessing potential Mortgage investments. See Item 2.2 - "Our Business - Mortgage Portfolio".

Mortgages that we invest in may be Residential Mortgages registered against single or multi-family dwellings or vacant land, or residential construction Mortgages, and they may be first, second or subsequent subordinate Mortgages. The Board of Directors have approved the 2024 Lending Guidelines which have the following Portfolio targets:

- First Mortgages - minimum of 80% first priority Mortgages (by dollars)
- Residential Construction Mortgages will be limited to 15% (by dollars) of the Mortgage Portfolio
- 100% of the Mortgages in the Mortgage Portfolio are to be classified as residential.

We have established lending guidelines, policies and procedures for our Mortgage secured lending activities (the "Lending Policies"). The Lending Policies are reviewed annually by the Board of Directors and the Manager, with any amendments being approved by the Board of Directors. Any material amendments to the Lending Policies will be communicated to the Shareholders. The Board of Directors, in consultation with the Manager, does have the discretion, acting reasonably, to consider and advance Mortgage loans that may not comply with all aspects of the Lending Policies. See for example Item 2.2 - "Our Business - Categories of Mortgages - Workout Loans". Also see Item 2.2 - "Our Business – Additional Lending Policies" and "Additional Lending Policies".

We intend to fund our Mortgage investments through the Available Funds, the Credit Facility and any subsequent sale of Shares or other securities, dividend re-investment and other borrowings. The Company has also issued and expects to continue to issue Shares to qualified Investors outside of this Offering Memorandum in reliance upon other available prospectus exemptions contained in NI 45-106.

We intend to employ leverage, as permitted by the Tax Act, by borrowing or issuing debt obligations up to a maximum of 3/4 of the net book value of the Company's assets and using the proceeds from these borrowing activities to invest in Mortgages by lending secured on real estate. The Company borrows to the extent that the Manager is satisfied that such borrowing and additional investments will increase the overall profitability of the Company. See Item 2.2 - "Our Business - Credit Facility and Leverage" and Item 4.2 - "Long Term Debt Securities".

It is intended that the Available Funds from this Offering will be fully invested in Mortgages as described herein. Until the Company can fully invest the Available Funds in Mortgages through lending secured on real estate, the Company may elect from time to time to temporarily apply such non-invested Available Funds against the Credit Facility to reduce debt and minimize the related interest expense until acceptable Mortgage investment opportunities are identified. As the Credit Facility Agreement is a revolving credit facility, any Available Funds used to pay down the Credit Facility may be re-advanced to the Company for Mortgage investments.

Categories of Mortgage Investments

The following is a description of the main categories of Mortgages the Company will invest in.

Residential Mortgages

The single-family conventional mortgage market in Canada is dominated by the Schedule I banks which are aggressive in underwriting single-family conventional Mortgage loans under rigid underwriting criteria. However, in certain situations, business opportunities exist for lenders such as the Company.

Schedule I banks are less aggressive in pursuing single-family conventional Mortgage loans where the borrower has damaged credit, is self-employed, compensated by commission income as opposed to a wage or salary, or has experienced difficulties as a result of a failed business venture, loss of employment

or lack of long-term employment, or does not qualify under Guideline B-20, the residential Mortgage rules applicable to federally-regulated financial institutions that came into effect on January 1, 2018. Consequently, borrowers who do not meet the rigid underwriting criteria of these federally regulated financial institutions often find it difficult to obtain financing from traditional financial institutions, regardless of loan-to-value ratios or the equity they possess in the property(s) offered as security for the Mortgage loan. In short, MICs, such as the Company, are generally equity-based lenders while conventional financial institutions tend to be income-based lenders as well as equity-based lenders.

The Company defines a "Residential Mortgage" as a Mortgage registered as security against single or multifamily dwellings, vacant land (serviced or un-serviced) zoned for residential dwellings and construction loans to build residential dwellings (single family or multifamily units up to a four-plex).

The Company's entire Mortgage Portfolio will be comprised of Residential Mortgages. The Company categorizes Residential Mortgages into the following three categories based on the underlying property type or use of loan proceeds: (i) properties with existing single or multifamily residential dwellings, (ii) vacant land held for the purpose of construction or development of residential dwellings, and (iii) construction loans for the development or construction of single or multi-family residential dwellings. The maximum LTV applicable to Residential Mortgages will typically vary from 50% to 75% depending on such categories, and as follows:

(i) For Residential Mortgages registered as security against properties with existing single or multi-family dwellings, the Company expects to lend up to a 75% LTV. The Company's business focus is on lending secured by Mortgages registered against these types of residential properties located within 50 kilometres of those urban centres listed below under "Additional Lending Policies".

(ii) For Residential Mortgages on vacant land, the Company expects to lend up to 65% LTV, although the amount is dependent upon the location and Mortgage priority. The Company will only lend on vacant land on a case-by-case basis, based on the discretion of the Company's Board of Directors and the Manager, and not for land speculation purposes. The Company does not intend to provide loans on large real estate developments as part of its regular business operations. Except in special circumstances at the discretion of the Company's Board of Directors and the Manager, the Company will not make loans secured by Mortgages only on vacant lands and will generally require additional security from the borrower and/or guarantors.

(iii) The Company's construction program provides for lending up to 70% LTV. Construction Mortgages may be made to property owners or builder/developers for single family homes or multifamily homes up to a maximum of four units. Draw amounts advanced under Construction Mortgage loans are based on the value of the underlying land plus the construction or development value achieved to the time of such loan advance. For example, the initial draw of a Construction Mortgage loan will be based on the value of the vacant land the Construction Mortgage is secured against with subsequent loan advances based on additional value created by the development of and construction on that land.

See the table under "Mortgage Portfolio - Asset Type", below, for a summary of the Residential Mortgages included in the Company's Mortgage Portfolio as at December 31, 2023.

Residential Mortgages will typically have contract terms of one year but may have terms of up to two years. Provided the LTV is acceptable (as per the Lending Policies), the maximum aggregate Mortgage loan secured by a Residential Mortgage(s) on a single property is \$1,500,000. Residential Mortgages may be either a first, second or subsequent priority Mortgage.

Workout Loans

The Company may be prepared to enter into workout loan agreements with borrowers in default with the Company under a Mortgage loan as an alternative to foreclosure or bankruptcy (a "**Workout Loan**"). This may involve, among other things, the Company waiving or forbearing certain rights or remedies arising as a result of default by the borrower under the Mortgage loan in exchange for receiving additional collateral, and or a renegotiation of terms such as lengthening the term of the Mortgage loan, providing additional lending or refinancing to fund repairs necessary to maintain and sell the property underlying the Mortgage at a more favourable price, rescheduling repayments, or any number of other negotiated terms and conditions.

Workout Loan agreements can also be structured to mitigate losses that may occur in the foreclosure process as a consequence to selling a "distressed property", being the property secured by a Mortgage loan that is in default. As an example, a new borrower may request the Company finance the purchase of the distressed property with flexible terms, the proceeds of which are then used by the (selling) defaulting borrower to repay amounts owing to the Company. The Company will consider such financing if the new borrower can demonstrate to the reasonable satisfaction of the Manager that it has the ability to improve the value of the distressed property over time and maintain the Mortgage loan in good standing going forward. Any Workout Loan agreements will be negotiated by the Manager, and, if over \$1,250,000, must also be approved by one of Directors of the Company's Board.

Workout Loans will have typically originated as a Residential Mortgage loan advanced in accordance with the Lending Policies. Workout Loans are therefore considered on a case-by-case basis and will typically exceed the maximum LTV limits for the type of Mortgage and underlying property involved. When Mortgages are in default, the LTV ratio tends to exceed the guideline limits provided for in the Lending Policies because of unpaid interest and other costs incurred on behalf of the defaulting borrower, such as property taxes, insurance, strata/condo fees and legal fees, all of which are included in the loan amount used for calculating LTV. By their nature, Workout Loans will generally carry a higher risk of default or impairment and will not necessarily comply with some or all of the various aspects of the Lending Policies.

Future Workout Loans will only be entered into where it can be demonstrated that the Workout Loan may result in an improved position for the Company. Prospective Investors should be aware that these Workout Loans do not necessarily meet all aspects of the Lending Policies, including the appropriate LTV for the nature of the Mortgage and the underlying property.

Priority of Mortgages

One of the key factors in advancing Mortgage loans is the priority of the registration of the Mortgage charging the underlying collateral real estate. First priority Mortgages (the first priority position of financial security registered against a property) provide better security than subordinate Mortgages and have a greater likelihood of collection than subordinate Mortgages in the event of default or foreclosure because the lender (or mortgagee) is generally first in line to receive proceeds from sale, subject to governmental encumbrances, strata fees and taxes. However, a first priority Mortgage does not guarantee the ultimate collection of all principal and interest that it secures. This is because there may be, for example, unpaid property taxes or other financial obligations owed to government creditors or encumbrancers, unpaid strata fees, maintenance and legal expenses, or the market value of the property may drop, any of which will reduce the net proceeds available from the property for repayment of principal and interest. As a general rule, second priority Mortgages (where the Mortgage is registered behind a first Mortgage or financial charge) and subsequent priority Mortgages (where the Mortgage is registered behind more than one Mortgage or financial charge) carry a greater risk than first Mortgages as the lender (or mortgagee) is subordinate in ranking to receive proceeds on sale. There is always a risk that there will be insufficient sale proceeds to pay out a Mortgage in full, or at all. Typically, the higher the risk of the Mortgage, the higher the interest rate that attaches to the Mortgage loan. Therefore, second or subsequent priority Mortgages often have higher interest rates and better yields than first Mortgages to compensate for the risk.

The LTV for second Mortgages or other subordinate Mortgages must meet the same Lending Policies as those of a first Mortgage. Specifically, a Mortgage loan secured by a second or other subordinate Residential Mortgage typically must have a maximum LTV that does not exceed between 65% and 75% depending on the nature of the residential property. The LTV calculation factors in any Mortgages that rank ahead of the second or other subordinate Mortgage. Although expected to be an infrequent occurrence, the Company may advance a loan secured by a second Mortgage or other subordinate Mortgages behind its own first Mortgage or other priority Mortgage. The Company will target a Mortgage portfolio that contains a maximum of 20% second or subsequent Mortgages by dollar value. See Item 2.2 - "Our Business - Mortgage Portfolio".

See the table under "Mortgage Portfolio - Priority of Mortgages", below, for a summary of the priority of the Mortgages included in the Company's Mortgage Portfolio as at December 31, 2023.

Additional Lending Policies

The Company's Lending Policies have been determined by the Company's Board of Directors and enable it to qualify for the special tax treatment afforded to MICs under the Tax Act. These policies provide that its business activities will be conducted in accordance with the following:

LENDING LOCATIONS

Mortgages will be secured by property primarily in the urban centres listed in the tables depicted below.

BRITISH COLUMBIA

BC LENDING LOCATIONS
Marketable residential properties in urban locations

- Abbotsford
- Agassiz
- Armstrong
- Bowen
- Bowser
- Brentwood Bay
- Bridal Falls
- Britannia Beach
- Burnaby
- Campbell River
- Chemainus
- Chilliwack
- Cobble Hill
- Coldstream
- Colwood
- Comox
- Coquitlam
- Cordova Bay
- Courtenay
- Cowichan Bay
- Deep Cove
- Delta
- Denman
- Enderby
- Esquimalt
- Fanny Bay
- Furry Creek
- Gabriola
- Gibsons
- Gordon Head
- Halfmoon Bay
- Harrison Hot Springs
- Harrison Mills
- Highlands
- Honeymoon Bay
- Horseshoe Bay
- Kaleden
- Kamloops
- Kelowna
- Lake Country
- Lake Cowichan
- Langdale
- Langford
- Langley
- Lantzville
- Lavington
- Lions Bay
- Maple Ridge
- Metchosin
- Mill Bay
- Mission
- Nanaimo
- Nanoose Bay
- New Westminster
- North Saanich
- North Vancouver
- Oak Bay
- Okanagan Falls
- Oliver
- Osoyoos
- Parksville
- Peachland
- Pemberton
- Pender
- Penticton
- Pitt Meadows
- Port Coquitlam
- Port Moody
- Prince George
- Qualicum Beach
- Richmond
- Royal Oak
- Saanich
- Saanichton
- Salmon Arm
- Salt Spring
- Sardis
- Sechelt
- Shawnigan Lake
- Sidney
- Sooke
- Squamish
- Summerland
- Sun Peaks
- Sun Rivers
- Tsawwassen
- Vancouver
- Vernon
- Victoria
- View Royal
- West Kelowna
- West Vancouver
- Westbank
- White Rock
- Yarrow

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ALBERTA

ALBERTA LENDING LOCATIONS
Marketable residential properties in urban locations

- Airdrie
- Balzac
- Beaumont
- Blackfalds
- Bowden
- Calgary
- Camrose
- Canmore
- Chestermere
- Devon
- Edmonton
- Fort Sask.
- Innisfail
- Lacombe
- Leduc
- Lethbridge
- Medicine Hat
- Nisku
- Okotoks
- Penhold
- Red Deer
- Sherwood Park
- Spruce Grove
- St. Albert
- Stony Plain
- Strathmore
- Sylvan Lake
- Villeneuve

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ONTARIO



The Company may also invest in Mortgages in smaller centres in British Columbia, Alberta, and Ontario based upon the merits of the transaction and the credit adjudication. It may also expand into other jurisdictions of Canada.

In the past, the Company also invested in Mortgages located in Saskatchewan and Manitoba; however, Saskatchewan and Manitoba have now been removed from the Company's current approved lending programme. As at December 31, 2023 the Company held 6 Mortgages in Saskatchewan and 6 in Manitoba, none of which will be affected by this change to the lending programme.

A current independent appraisal is required for most Mortgage applications; such appraisals are prepared by independent, qualified appraisers acceptable to the Company. To be acceptable, appraisers must have either the Certified Residential Appraiser (CRA) or Accredited Appraisal Canadian Institute (AACI) designations. Current municipal tax assessments and opinions of value by real estate professionals may also be used or considered in conjunction with or in lieu of an appraisal.

The Company does not have any current plans to invest in joint or syndicated Mortgages.

In order to facilitate the final stages of the orderly wind up of Paradigm, the Company may, subject to approval of the Company's Board of Directors, consider purchasing from Paradigm some of its final remaining Mortgages provided the Book Value of each such Mortgage does not exceed a loan to value of 50% of current market value;

All Mortgage loan applications must be approved by two senior loans officers of the Manager;

All Mortgage loan applications over \$1,250,000 must be approved by two senior loans officers of the Manager as well as by one director of the Company;

The current maximum Mortgage loan amount per underlying property secured by a Mortgage in respect of such Mortgage Loan will be limited to \$1,500,000;

The Mortgage portfolio may be partially margined, with the intent of optimizing earnings through reasonable leverage. Leverage may be used to help meet the demand for new Mortgage investments or to fund operating expenses, dividends and or share redemptions;

Where warranted, the Company may agree to renew a Mortgage loan for an additional term. Renewal decisions are made pursuant to a modified underwriting procedure. The Manager must

conduct a review of the Mortgage loan file, including an evaluation of the security and payment history of the borrower, prior to determining whether a renewal term should be offered; and

Irrespective of the number of underlying properties secured by Mortgages, no single borrower will be provided with two or more Mortgage loans which exceed, in aggregate, \$2,250,000 at the time of origination.

The Company's Mortgage investments are also subject to the following restrictions under the Tax Act:

1. at least 50% of the cost amount of the assets of the Company must be invested in loans secured by houses, or property included in a housing project, as those terms are defined in the National Housing Act (Canada)¹ or held in cash deposits with approved depositories;
2. no more than 25% of the cost of all the Company's assets can consist of ownership of real estate unless acquired through foreclosure;
3. The Company cannot invest its funds in:
 - a) real estate located outside of Canada or in leasehold interests in such real estate,
 - b) debts of persons not resident in Canada unless the debt is secured by a Mortgage on real estate located within Canada,
 - c) shares of corporations not resident in Canada; and
 - d) debts secured by real property outside of Canada.

Due Diligence

In addition to the Lending Policies, the Company will identify Mortgage investment opportunities based on an economic analysis of the above referenced geographic markets and the properties therein. The Company will generally limit its Mortgages to properties located within 50 kilometers of those above referenced urban areas that demonstrate reasonable growth and economic stability.

Due diligence investigations and credit adjudication for a proposed Mortgage loan will be undertaken by the Manager, on behalf of the Company, and is generally tailored to each Mortgage investment opportunity based on the type of loan. In addition to a review of the borrower's mortgage application, due diligence may include a review of any of the following:

- borrower's income (quantum, stability, employment or self-employment income), tax returns and / or financial statements;
- borrower's credit score and credit history (total loan vs. income and past performance);
- nature and condition of the underlying real estate collateral, which may include environmental reports;
- geographical location of collateral (urban or rural);
- the borrower's planned exit strategy;
- ability of the borrower to meet the required debt servicing;
- the borrower's equity; and
- establishing loan to value ratios based on independent appraisals.

¹ The *National Housing Act* (Canada) provides that "house" means a building or movable structure intended for human habitation containing not more than two family housing units, together with any interest in land, if any, on which the building or movable structure is situated; and that "housing project" means a project consisting of any building or movable structure, or any part thereof, that is intended for human habitation, any property that is intended to be improved, converted or developed to provide housing accommodation or services in support of housing accommodation, or any property that is associated with housing accommodation, including land, buildings and movable structures, and public, recreational, commercial, institutional and parking facilities.

Upon completion of due diligence, proposed Mortgage loans will follow an established approval process based on loan type and size. See "Additional Lending Policies" above.

The Manager, on behalf of the Company, will monitor loans and Mortgages, and regularly assess status, risk, interest rate, and deal with Mortgages that are not operating satisfactorily or are impaired. Ongoing monitoring will be done with a view to identify problems and mitigate losses and avoid overstating assets and revenue.

Credit Facility and Leverage

Subject to compliance with the provisions of the Tax Act applicable to a MIC, we intend to use the Credit Facility in order to achieve optimum earnings through reasonable leverage as well as meet the demand for new Mortgage lending, operating expenses, dividend distributions and share redemptions. Of the \$90,000,000 of available credit, as at December 31, 2023 the amount outstanding on the Credit Facility was \$67,300,810. The Company may arrange additional or alternate financing through other appropriate lenders as authorized by the Board of Directors from time to time. The Company anticipates that it will use the Credit Facility, beyond the maximum \$30,000,000 amount of Available Funds that may be raised under the Offering, to invest in Mortgages from time to time.

It is intended that the Company will deploy its Available Funds as described herein. However, until such time as the Company has fully invested the Available Funds in Mortgage loans, the Company may elect from time to time to apply such non-invested Available Funds against the Credit Facility to minimize the related interest expense until acceptable Mortgage investment opportunities are identified. As the Credit Facility is a revolving credit facility, any Available Funds used to pay down the Credit Facility may be re-advanced to the Company from time to time for Mortgage investments.

Under the Credit Facility, the Company can either borrow by way of prime rate loans at TD Bank's prime plus 0.75% or use Term CORRA Loans at a stamping fee of 2.0% per annum in addition to a stated interest rate. The Credit Facility is a one year term which matures on August 2, 2024. There is an option to renew for a further year as long as the Company continues to meet the notice and other requirements under the terms of the Credit Facility. As security for the bank indebtedness, the Company has provided the lenders with a general security agreement on all present and after acquired personal property and a general hypothecation of collaterals. This provides the TD Bank and RBC with security over the Mortgage assets held by the Company. The Company must comply with certain positive and negative covenants, and the Company must maintain certain financial covenants to maintain the Credit Facility in good standing. In the event of liquidation or wind-up, the Company's creditors will rank in priority to the Shareholders. See Item 4.2 - Long Term Debt Securities.

Section 130.1 of the Tax Act authorizes a MIC to borrow funds and leverage its capital in certain ratios related to the type of assets held. Provided that one-half of the MIC's assets comprise a combination of residential mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of three times the amount of its equity. Provided that two-thirds of the MIC's assets comprise a combination of residential mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of five times the amount of its equity. The Shares are considered equity for these purposes.

The Company believes that this statutory based leverage opportunity is integral to its dividend performance, and the Company intends to maximize its leverage opportunity under the Tax Act. The Company will borrow funds when available provided management believes it is economical and prudent to do so.

It is anticipated that the Company may from time to time raise additional funds through the issuance of unsecured promissory notes at competitive interest rates. The Directors of the Company have approved the use of Promissory Notes to a maximum amount of \$5,000,000 outstanding at any given time. As at December 31, 2023, demand promissory notes outstanding amount to \$1,871,782 (2022 - \$1,430,915).

Manager

The Company entered into a Mortgage Services and Management Agreement dated June 1, 2017, effective June 27, 2017, with Three Point Capital Management Corp. ("the **Manager**"), a British Columbia incorporated company. The Manager is a registered mortgage broker under the *Mortgage Brokers Act* (British Columbia) and licenced through the BC Financial Services Authority (BCFSA) (British Columbia),

the Financial Services Regulatory Authority (FSRA) (Ontario) and the Real Estate Council of Alberta (RECA). The Manager is not registered with any securities commission as an EMD or an Investment Fund Manager. The Management Agreement is for a 5 year term, with an option to renew for a further 5 year term at the same or similar terms. The renewed agreement expires June 27, 2027. If either party does not wish to renew for an additional term, there is a one year written notice of termination required. The Management Agreement may also be terminated in the event that either the Manager or the Company becomes insolvent or commits a breach or default that is not cured within 120 days of notification or cannot be cured within 120 days. The Agreement may also be terminated by mutual written consent.

Pursuant to the Management Agreement, the Manager will be solely responsible for managing the Company's day-to-day operations in accordance with its Articles, Lending Policies and other investment policies, including:

- a. originating, processing and administering mortgage loans secured by real property;
- b. performing due diligence to facilitate Mortgage loans;
- c. providing administrative services for the operation of the Company;
- d. acting as the Company's nominee or agent in respect of the services provided;
- e. prosecute and settle claims relating to the Company's Mortgage loans including foreclosures or other enforcement;
- f. preparing and maintaining the books and records of the Company, excluding those records which are the responsibility of the Company's Transfer Agent to maintain;
- g. advertising and marketing to the mortgage brokerage community for loan opportunities;
- h. communicating on behalf of the Company with dealers, regulators, shareholders and trustees;
- i. preparation and dissemination of reports and tax information to shareholders including quarterly reports to its directors, shareholder communications, proxy materials and preparation of accounting information for the Company's auditors;
- j. advising the Company's Board of Directors with corporate governance procedures and assisting the Board of Directors with formulating, reviewing and revising the Company's Lending Policies;
- k. arranging and directing financing activities;
- l. coordinating with TPCWM for the arrangement of capital; and
- m. providing personnel and labour, office space and administrative services required by the Company in carrying on business as a MIC under the Tax Act.

The Management Agreement does not prohibit the Manager, nor its directors, officers, employees, agents or affiliates, from engaging in similar management activities and services for other companies and institutions, including other MICs which may compete with the Company. The Manager is currently providing similar management services to Paradigm under a management agreement and is expected to continue to provide such services to Paradigm during its wind-up phase. The Manager is prohibited under the Management Agreement from borrowing from the Company.

The Company will pay the Manager an annual fee (the "**Management Fee**") for its services equal to a percentage of net assets under management based on the following schedule:

| Percent per Annum | Assets under Management |
|-------------------|-----------------------------|
| 1.95% | Up to \$100 Million |
| 1.75% | From \$100 to \$150 Million |
| 1.50% | Over \$150 Million |

The Management Fee is calculated monthly and paid by the 10th day of the following month. In calculating the Management Fee, net assets under management is the total of the principal amount of outstanding mortgage balances (less any provisions for credit losses) and the estimated net realizable value of real estate holdings obtained from foreclosure proceedings as determined by the Manager, acting reasonably. In addition to the Management Fee, the Manager will charge to borrowers under the Mortgage loans and receive 100% of NSF fees, renewal fees, tax search and inspection fees and will charge the borrower a fee for any payment of insurance premiums, property taxes or strata/condominium fees paid on the borrower's behalf. 100% of loan origination and broker fees will be retained by the Company.

The expenses to be paid directly by the Company instead of the Manager include:

- the cost of acquisition of Mortgages;

- travel to borrowers' locations to help assess and administer loans;
- director and shareholder meeting costs;
- fees incurred in collection activities and all foreclosure costs including, but not limited to, legal fees and real estate commissions related to the sale of properties in the foreclosure process;
- taxes of all kinds to which the Company is subject;
- interest expenses;
- fees payable in respect of the issuance and administration of the Shares (including any fees paid to the Company's Transfer Agent);
- the cost of preparing and delivering copies of financial reports or other information to shareholders, dealers and regulators;
- capital raising costs including, but not limited to travel, meetings, commissions and fees payable under the Dealer Services Agreement and any other agreement with one or more arm's length EMDs and/or dealers regulated by and members of CIRO.
- land title searches;
- legal, accounting and other professional fees; and
- insurance premiums.

All expenses paid by the Company must be approved by the Manager.

The Manager will be entitled to reimbursement of reasonable out of pocket expenses. The Manager will be responsible for its own ordinary overhead and administrative expenses incurred to maintain and operate its office (including the salaries and compensation of officers, directors and employees of the Manager, which includes certain individuals that are also officers of the Company), advertising, equipment and supplies and other expenses related to day-to day operations.

The Manager may retain professional advisors which may be the same professional advisors as retained by the Company. In the event of a conflict of interest or perceived conflict, at the request of the Board of Directors, the Manager shall cease to use such professional advisors.

The Management Agreement includes an indemnity by the Company in favour of the Manager for any claims, judgments, losses, liabilities, damages and costs, among other things, which may be incurred by the Manager in connection with any action taken by the Manager in connection with the Management Agreement, except to the extent the Manager was in breach of its obligations under the Management Agreement. The Manager has also provided an indemnity in favour of the Company for claims against the Company arising out of any breach of the Management Agreement by the Manager or any gross negligence or wilful negligence on the part of the Manager.

The Manager is subject to confidentiality provisions in respect of the confidential information it receives concerning the Company and will not disclose such confidential information, other than to the extent contemplated under the Management Agreement for purposes of providing its services as the Manager.

The Manager will maintain the books and records of the Company which books and records are available for inspection and audit during normal business hours by the Company or its professional advisors. The Manager also has the responsibility and authority, for and on behalf of the Company, for the bank accounts as reasonably necessary or appropriate for the conduct of the Company's business. The Manager must promptly notify the Company of any opening or closing of or changes to any bank accounts. Each director of the Manager shall have signing authority on the Company's bank accounts with cheques requiring signatures of two signing authorities.

The Manager is not at arm's length to the Company but is considered connected. The Manager's directors and officers are: Donald Crompton, Leanne Wilson, Marylyn Needham, Bradley Graham and Ryan Lee. Mr. Crompton is a director of the Company, and Messrs. Graham and Lee and Mesdames Wilson and Needham are officers of the Company. The Manager is owned as follows:

- 20% - Kensington Enterprises Ltd. (owned by Donald Crompton and Victoria Crompton and their adult children: Jackson Crompton, Benjamin Crompton, Daniel Crompton and Gregory Crompton) – Donald Crompton is a director of the Company, and he is a shareholder of the Company holding less than 10% of the Shares without giving effect to the Offering;

- 20% - R553 Enterprises Ltd. (owned by Leanne Wilson). Leanne Wilson is the Chief Operating Officer of the Company. She is a shareholder of the Company holding less than 10% of the Shares without giving effect to the Offering;
- 20% - Gramar Holdings Inc. (owned by Marylyn Needham and Grant Needham). Marylyn Needham is the Vice President of the Company. She is a shareholder of the Company holding less than 10% of the Shares without giving effect to the Offering;
- 20% - B&D Graham Entreprises Ltd. (owned by Bradley Graham and Donna Graham). Brad. Graham is the Chief Credit Officer of the Company. He is also a shareholder of the Company holding less than 10% of the Shares without giving effect to the Offering;
- 20% - 1975 Lee Holdings Corp. (owned by Ryan Lee and Wendy Lee). Ryan Lee is the President of the Company. He is also a shareholder of the Company holding less than 10% of the shares without giving effect to the Offering.

Needham, Wilson, Crompton, Graham and Lee are all employed by the Manager.

Any conflicts of interest between the Company and the Manager shall be governed by the provisions of the BCBCA, and the policies and procedures of the Company. See Item 10 - "Risk Factors – Conflicts of Interest".

Transfer Agent and Registrar

There is Transfer Agency and Services Agreement in effect between the Company and the Manager, Three Point Capital Management Corp., which term expires on August 1, 2027. There is an option to renew the agreement for another 5 years at the same or similar terms.

As the Transfer Agent, the Manager will provide the following primary transfer agency and registrar services:

- maintain the Company's central securities register;
- administer the transfer and issuance of Shares;
- issue replacement certificates for lost, stolen or destroyed share certificates;
- provide statements, lists, entries, information, and material concerning transfers and other matters relating to its capacity as registrar and transfer agent.

The Transfer Agent will also act as a dividend disbursing agent and administer the DRIP (dividend reinvestment plan). The Transfer Agent is paid a per transaction fee of \$85.00 for such registrar and transfer agent services. Fees, plus any applicable taxes, are payable within 30 days of the date of the invoice. The fees charged by the Transfer Agent may be revised by the Transfer Agent on 30 days' notice to the Company.

The Transfer Agency and Services Agreement contains an indemnity in which the Company will indemnify the Transfer Agent from claims arising out of: i) the Transfer Agent relying on or the carrying out of any instructions or requests of the Company, the Manager or their respective legal counsel, (ii) acting as registrar and transfer agent or dividend disbursement agent for the Company, (iii) the performance by the Transfer Agent of its duties under the Transfer Agency and Services Agreement or as required by applicable law, (iv) any gross negligence or wilful misconduct on the part of the Company, or (v) any breach of Transfer Agency and Services Agreement by the Company or any breach of applicable law on the part of the Company.

The Transfer Agent is subject to confidentiality and privacy provisions in respect of the confidential information it receives concerning the Company and will not disclose such confidential information, other than to the extent contemplated under the Transfer Agency and Services Agreement for purposes of providing its services as the Transfer Agent.

The Manager is a related party to the Company, and, as such, the Transfer Agency and Services Agreement is a related party transaction. See Item 2.2 - "Our Business - The Manager".

Mortgage Portfolio

The Company's assets consist primarily of Mortgage loans secured by first and second Mortgages registered against real property in Canada. The following tables describe the Company's portfolio of Mortgage assets based on security priority, underlying property type, interest rate, maturity date, geographic diversification, and loan size:

Security Priority

A summary of our Mortgage portfolio by priority ranking as at December 31, 2023 is presented below:

| By Ranking | As at December 31, 2023 | | | As at December 31, 2022 | | |
|------------------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| 1st Mortgages ⁽¹⁾ | 370 | \$187,750,567 | 92% | 355 | \$167,777,898 | 92% |
| 2nd Mortgages | 105 | 15,733,525 | 8% | 92 | 14,114,206 | 8% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |
| Average Balance | | \$428,388 | | | \$406,917 | |

Notes to Table:

- (1) It is anticipated that the Company's Mortgage portfolio will be substantially concentrated in first Mortgages with a target minimum of 80% first priority Mortgages. See Item 2.2 - "Our Business - Categories of Mortgages".

Asset Type

A summary of our Mortgage portfolio by asset type as at December 31, 2023 is presented below:

| By Type | As at December 31, 2023 | | | As at December 31, 2022 | | |
|---|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| Residential Mortgages ⁽¹⁾ | | | | | | |
| Residential Homes | 455 | \$194,174,607 | 95% | 424 | \$171,850,808 | 94% |
| Vacant Lots | 7 | 3,245,341 | 2% | 5 | 1,182,120 | 1% |
| Construction Loans | 13 | 6,064,144 | 3% | 18 | 8,859,176 | 5% |
| Total Residential | 475 | \$203,484,092 | 100% | 447 | 181,892,104 | 100% |
| Commercial Mortgages | - | - | - | - | - | - |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |

Notes to Table:

- (1) The LTV for Residential Mortgage loans will vary from a maximum of not more than 65% to 75% depending on the nature of the underlying property. Where the property has an existing single or multifamily dwelling, the maximum LTV is typically 75%. Residential Mortgage loans secured by Mortgages registered against vacant land will typically have a maximum LTV of 65%. Construction Mortgage loans will typically have a maximum LTV of 70%. See Item 2.2 - "Our Business - Categories of Mortgages".

Interest Rate

A summary of our Mortgage portfolio by interest rate as at December 31, 2023 is presented below:

| By Interest Rate ⁽¹⁾ | As at December 31, 2023 | | | As at December 31, 2022 | | |
|---------------------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| <6.00% | 1 | \$555,297 | 0.4% | 47 | \$27,570,392 | 16% |
| 6.00% - 6.99% | 2 | 725,156 | 0.6% | 56 | 28,407,285 | 16% |
| 7.00% - 7.99% | 15 | 5,754,307 | 3% | 94 | 38,739,084 | 21% |
| 8.00% - 8.99% | 40 | 18,616,572 | 9% | 84 | 32,341,617 | 18% |
| 9.00% - 9.99% | 146 | 69,125,903 | 34% | 93 | 36,873,667 | 20% |
| 10.00 – 10.99% | 169 | 85,305,572 | 42% | 43 | 13,119,068 | 7% |
| 11.00 – 11.99% | 37 | 15,081,355 | 7% | 11 | 2,367,374 | 1% |
| 12.00 – 12.99% | 52 | 5,934,253 | 3% | 18 | 2,344,507 | 1% |
| 13.00 – 13.99% | 13 | 2,385,677 | 1% | 1 | 129,110 | 0% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |

Notes to Table:

(1) The weighted average interest rate as at December 31, 2023 was 10.11% (2022-7.98%), not including lender fees.

Due Date

A summary of our Mortgage portfolio by due date as at December 31, 2023 is presented below:

| By Due Date | As at December 31, 2023 | | | As at December 31, 2022 | | |
|---------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| < 1 year | 443 | \$188,457,160 | 92% | 445 | \$181,272,155 | 99% |
| 1-2 years | 32 | 15,026,932 | 8% | 2 | 619,949 | 1% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |

Geographic Diversification

A summary of our Mortgage portfolio by geographic diversification as at December 31, 2023 is presented below:

| By Province | As at December 31, 2023 | | | As at December 31, 2022 | | |
|------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| British Columbia | 268 | \$120,532,274 | 59% | 267 | \$111,822,500 | 61% |
| Alberta | 42 | 11,806,644 | 6% | 24 | 6,969,360 | 4% |
| Saskatchewan | 6 | 830,422 | 0.5% | 6 | 834,169 | 1% |
| Manitoba | 6 | 718,877 | 0.5% | 8 | 1,218,397 | 1% |
| Ontario | 153 | 69,595,875 | 34% | 142 | 61,047,678 | 33% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |

Loan Size

A summary of our Mortgage portfolio by loan size as at December 31, 2023 is presented below:

| By Dollar Value | As at December 31, 2023 | | | As at December 31, 2022 | | |
|-------------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| < \$250,000 | 177 | \$23,895,343 | 12% | 154 | \$20,698,998 | 11% |
| \$250,000-\$500,000 | 132 | 47,667,320 | 23% | 146 | 53,157,212 | 29% |
| \$500,000-\$750,000 | 93 | 56,304,847 | 28% | 89 | 52,566,272 | 29% |
| \$750,000-\$1,000,000 | 36 | 31,873,215 | 16% | 42 | 36,300,450 | 20% |
| \$1,000,000-\$1,250,000 | 26 | 28,435,094 | 14% | 11 | 12,428,306 | 7% |
| \$1,250,000-\$1,750,000 | 11 | 15,308,273 | 7% | 5 | 6,740,866 | 4% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |
| Average Loan Balance | | \$428,388 | | | \$406,917 | |

Loan to Value (LTV)

A summary of our Mortgage portfolio by LTV as at December 31, 2023 is presented below:

| By LTV ⁽¹⁾ | As at December 31, 2023 | | | As at December 31, 2022 | | |
|-----------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
| | Number of Loans | Amount | Percentage | Number of Loans | Amount | Percentage |
| < 25% | 22 | \$3,348,983 | 2% | 16 | \$5,023,041 | 3% |
| 25% to 50% | 131 | 41,240,761 | 20% | 136 | 46,500,052 | 26% |
| 51% to 65% | 165 | 71,484,876 | 36% | 175 | 74,391,262 | 41% |
| 66% to 70% | 81 | 45,856,590 | 24% | 84 | 38,502,189 | 21% |
| 71% to 75% | 65 | 34,822,747 | 17% | 35 | 16,870,800 | 9% |
| > 75% | 11 | 6,730,135 | 1% | 1 | 604,760 | 0% |
| Totals | 475 | \$203,484,092 | 100% | 447 | \$181,892,104 | 100% |

Notes to Table:

- (1) The LTV calculations are based on the value of the underlying property as at the time the related mortgage was funded (except in a limited number of circumstances where a more recent appraisal may have been obtained). As a result, the LTV calculations reflected in the above table are not an exact indicator of the actual LTV as of December 31, 2023, as the value of the underlying properties may have changed since the date of funding the related mortgages.

The average weighted LTV of the Mortgage portfolio as at December 31, 2023 is 54.5% (2022 – 53%).

To the knowledge of the directors, none of the Company's directors, officers or employees holds a direct or indirect financial interest in any of the above-described Mortgages (other than indirectly through their respective interest in the Company, the Manager and or TPCM as director, officer, employee and or security holder, as applicable).

Foreclosures and Impaired Mortgages

From time to time in the normal course of business, Mortgage loans will go into arrears and the Company may demand the loans be repaid in full. In many cases it is expected that the borrower will either bring the loan current or satisfy the loan demand. In some cases, it is expected that the Company will foreclose on the mortgaged property, which may result in the Company acquiring the underlying property or having a court appointed receiver manage the property. The underlying property would then be put up for sale and the net proceeds of sale applied to satisfy the outstanding balance (after satisfying amounts owing in respect of any priority Mortgage or other priority financial charge that encumbered the property at the time of the sale). In some cases, there may be a resulting shortfall.

The Company and the Manager will work closely with delinquent borrowers and legal counsel in an effort to minimize any potential Mortgage loan losses. It is also the Company's policy to commence foreclosure action with respect to Mortgages which are in default more than 60 days unless, in the opinion of the Manager and/or the Company's Board of Directors, there is a good indication of resolution of the default.

It is the Company's policy to provide on its financial statements a specific allowance for individual Mortgage loans identified as impaired due to a reasonable doubt as to the collectability of principal and interest. Such allowances could include, without limitation, allowances for loss of property value, legal fees and foreclosure costs, and payments for utilities, strata/condo fees and property taxes. The Company will generally determine the amount of the provision for loan losses in conjunction with the preparation of its quarterly financial statements. It is also the Company's policy to provide on its financial statements, a collective allowance provision to cover estimated loan losses which have not yet been specifically identified as impaired.

In determining the allowance for impaired loans and the collective allowance provision, management considers factors such as the composition and credit quality of the portfolio, current economic conditions and trends and historical loss experience. Values of the underlying properties will be determined based on management's best estimates considering any input they may seek from realtors, appraisers, and/or other industry professionals. Informed estimates can be determined but, ultimately, until the underlying properties are liquidated, the Company cannot be certain of the liquidation value.

The Company does have some Mortgages that are in foreclosure or are otherwise impaired. The table below outlines all foreclosure or impaired Mortgages included in the Company's portfolio, and the current status of such Mortgages as at February 29, 2024:

| City | Province | Property type | Rank | Most Recent Appraised Value | Face Value | Net Realizable Value after discount | Status |
|---|----------|---------------------|------|-----------------------------|--------------------|-------------------------------------|----------------|
| Ottawa | ON | Condominium | 1st | \$1,100,000 | \$754,417 | \$754,417 | Notice of Sale |
| Port Colborne | ON | Single Family house | 1st | \$925,000 | \$628,892 | \$553,892 | Demanded |
| Calgary | AB | Single Family house | 1st | \$485,000 | \$356,381 | \$356,381 | In foreclosure |
| Regina | SK | Single Family house | 1st | \$510,000 | \$271,341 | \$246,341 | In foreclosure |
| Saskatoon | SK | Single Family house | 1st | \$280,000 | \$200,903 | \$150,903 | In foreclosure |
| Total Impaired and/or Discounted Loans | | | | \$3,300,000 | \$2,211,934 | \$2,061,934 | |

2.3 Development of the Company's Business

Developments over the past two years

Capital Raising Efforts

In 2023 the Company raised \$12,025,466 through the issuance of Shares pursuant to available exemptions under NI 45-106. In 2023 the Company advanced \$155,956,424 in new Mortgage loans and received \$133,888,639 in mortgage payouts.

Refinancing and Increased Leverage

Effective December 13, 2023, the Company refinanced its Syndicated Credit Facility Agreement whereby the credit available to the Company was increased from \$80,000,000 to \$90,000,000. This was done in order to facilitate the increased demand for new mortgage loans. The Credit Facility Agreement has a one year term which matures August 2, 2024, with an option to renew as long as financial and other covenants continue to be met and 60 days' notice is given.

Consistent with the Company's prior practice, it is intended that the Company will deploy its Available Funds of the Offering as described herein. However, until such time as the Company has fully invested the Available Funds in Mortgage loans, the Company may elect from time to time to apply such non-invested Available Funds against the Credit Facility to minimize the related interest expense until acceptable

Mortgage investment opportunities are identified. As the Credit Facility is a revolving credit facility, any Available Funds used to pay down the Credit Facility may be re-advanced to the Company from time to time for Mortgage investments, provided the facility continues to be in place. See Item 2.2 - “Our Business - Credit Facility and Leverage”.

Economic Outlook

In 2023, it was high interest rates, cooling real estate values and steep inflation that dominated the news headlines. In 2023 the Bank of Canada increased the overnight interest rate 3 times, going from 4.25% to 5% by July 2023 in an attempt to curb inflation. There have been no further Bank of Canada increases to date since July 2023, and has held steady for the 4th consecutive time.

Although the Bank of Canada's overnight lending rate does not directly impact the interest rate the Company charges on its Mortgage loans, it did result in an increase to the interest rate on the Company's Credit Facility financing costs. In response, many non-institutional lenders, including the Company, increased the interest rates offered on their loans to cover the additional interest expenses and to remain competitive to our investors.

Despite mounting economic pressures continuing to impact our borrowers, there remains a relatively low level of default within the Mortgage Portfolio. There was only one actual loss incurred by the Company in 2023.

Given the steep pace at which interest rates rose since 2022, the Company is watching for any trends in default and delinquency. Given the increased interest rates, inflation and the resulting pressures on Canadian families, more challenges for borrowers to manage financially is expected. The Company expects to see an increase in forced sales as some homeowners will simply not be able to afford their mortgage payments at the new higher rates. Investment properties may no longer have rental income covering mortgage payments.

There is still material uncertainty and risk surrounding the mid to long term impact of the COVID-19 pandemic, inflation, and rising interest rates on global financial markets, as well as the impact government and regulatory policy decisions made in reaction to it will have, any of which may lead to further ongoing changes in law, regulation and government policy. See Item 10 - “Risk Factors”.

As a result of these continued uncertainties, management expects that the Board of Directors will continue to monitor the Company's current dividend policy, and may take further action with respect to dividends, including eliminating, suspending, or significantly reducing dividends.

Dividend History

The Company has a dividend policy in effect. See Item 5.1 - “Terms of Securities - Dividend Policy”. In 2023 the Company declared the following dividends on outstanding Shares:

| | |
|---|--------------------|
| January 31, 2023 | \$553,557 |
| February 28, 2023 | \$502,513 |
| March 31, 2023 | \$563,204 |
| April 30, 2023 | \$548,131 |
| May 31, 2023 | \$569,317 |
| June 30, 2023 | \$554,137 |
| July 31, 2023 | \$677,527 |
| August 31, 2023 | \$685,639 |
| September 30, 2023 | \$664,601 |
| October 31, 2023 | \$704,985 |
| November 30, 2023 | \$690,571 |
| December 31, 2023 | \$3,142,616 |
| Total dividends declared in 2023 | \$9,856,798 |

The weighted annual dividend return history on the outstanding Class A Shares is as follows:

| 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------|-------|-------|-------|-------|-------|-------|
| 8.13% | 5.90% | 6.04% | 6.28% | 7.03% | 7.17% | 7.08% |

However, these historical dividends do not guarantee that the Company will maintain the same level of dividends in the future as payment of dividends is subject to a solvency test as set forth in the BCBCA (the "Solvency Test"). The Solvency Test exists in part to act as a safeguard against the erosion of shareholder capital and as a protection to other stakeholders of companies, such as creditors. In order to declare and pay a dividend, the directors must have reasonable grounds for believing that the Company is not insolvent and would not after the payment be insolvent.

Redemption History

The Shares of the Company do provide for a right of redemption, subject to certain limitations imposed by applicable law and the Articles of the Company. See Item 5.1 - "Terms of Securities". Since incorporation to the date of this Offering Memorandum, the Company has honored 100% of its redemption requests. See Item 6 - "Share Redemption Requests" for a detailed history of redemption requests.

2.4 Long Term Objectives

The Company's long-term objectives are to provide its Shareholders with sustainable income (through dividend payments) and a competitive rate of return on investment, while preserving their capital and maintaining the liquidity of their investment. The Company intends to achieve this objective by investing in Mortgages through lending activities that meet its Investment Policies, as well as by raising additional capital through subsequent Share offerings and other debt financing activities and security offerings, and from time-to-time leveraging available credit under the Credit Facility. Further, to achieve this objective, the Company intends to utilize the services of the Manager to develop its business and Mortgage portfolio with the goal of realizing an orderly and consistent growth of earnings, assets, and operations. Other than the short-term costs identified below, the Company does not anticipate any significant costs associated with ongoing operations. The Company's income is expected to primarily consist of interest received on the loans secured by the Mortgages included in its Mortgage portfolio and lender fees.

2.5 Short Term Objectives

Our business objectives for the next 12 months are the same as our long-term objectives set out in Item 2.4 - "Long-term Objectives". We intend to meet those objectives for the next 12 months as set out in the following table:

| What we must do and how we will do it | Target Completion Date | Our Cost to Complete |
|---|-------------------------------|--------------------------------|
| Through the Dealer Services Agreement and Fundserv, complete the Offering ⁽¹⁾ | Ongoing | \$396,000 ⁽²⁾ |
| Through the Management Agreement, manage and administer the existing Mortgage portfolio, and manage and administer shareholder communications | Ongoing | \$3,612,000 ⁽³⁾ |
| Continue to invest in Mortgages through lending activities secured by real estate in Canada and in accordance with our Lending Policies | Ongoing | \$29,975,000 ⁽⁴⁾⁽⁵⁾ |

Notes to Table:

- (1) A material portion of the Offering is anticipated to be carried out by TPCWM as EMD pursuant to the Dealer Services Agreement. See Item 2.7 - "Material Contracts - Dealer Services Agreement", and Item 2.1 - Structure - Three Point Capital Wealth Management Inc."
- (2) Amount includes \$396,000 as the expected costs of dealer service fees anticipated to be paid to TPCWM under the Dealer Services Agreement for the next 12 months. This Fee will be paid out of cash flow from operations and not from Available Funds. See Item 2.7 - "Material Contracts - Dealer Services Agreement" and Item 9 - "Compensation Paid to Sellers and Finders".
- (3) The expected costs of the Management Fee for the next 12 months. The Management Fee will be paid out of cash flow from operations and not from Available Funds.
- (4) This amount represents the Available Funds which are intended to be used for investment in Mortgages as described herein. Until the Company can fully invest the Available Funds in Mortgages, the Company may elect from time to time to apply such non-invested Available Funds against the Credit Facility to minimize the indebtedness and the related interest expense until acceptable Mortgage investment opportunities are identified. See Item 2.2 - "Our Business - Credit Facility and Leverage".
- (5) Amounts do not include fees paid to the Manager under the Management Agreement or to the Transfer Agency and Services Agreement. See Item 2.7 - "Material Contracts".

The proceeds of this Offering will be used to accomplish our business objectives for the next 12 months. There is no assurance that the maximum Offering or any portion of the maximum Offering will be sold; however, any funds raised will be used as set out in Item 1.2 and Item 2.5, subject to Item 1.3.

2.6 Insufficient Funds

The Available Funds together with the Company's on-going cash flows and access to its Credit Facility are expected to be sufficient to accomplish all of our business objectives for the next 12 months. However, there is no assurance that: (i) any of the Offering will be sold; (ii) the proceeds of the Offering, if any, will be sufficient to accomplish our proposed objectives; or (iii) any alternative financing will be available. If none of the Offering is sold, we will continue to use our existing capital and cash flows and the Credit Facility to carry on our current business. However, without substantial proceeds from the Offering, the Company will not be able to reduce its Credit Facility and the Company's lending activities could be severely limited.

2.7 Material Contracts

The Company is currently a party to the following formal, written agreements that can reasonably be regarded as material to the Company in connection with the Offering, the use of Available Funds, or with a related party:

- (a) Management Agreement dated June 1, 2017, with the Manager. The renewed agreement expires June 27, 2027. Please refer to the summary of the Management Agreement in Item 2.2 "Our Business – Manager";
- (b) Transfer Agency and Services Agreement with the Manager. The renewed agreement expires August 1, 2027. Please refer to the summary of the Transfer Agency and Services Agreement in Item 2.2 "Our Business– Registrar and Transfer Agent";
- (c) Credit Facility Agreement dated December 13, 2023 and matures August 2, 2024 with the TD Bank as Lead Arranger and RBC as secondary lender. Please refer to the summary of the Credit Facility Agreement in Item 2.2 "Our Business – Credit Facility and Leverage" and Item 4.2 – "Long Term Debt Securities";
- (d) Dealer Services Agreement effective February 3, 2020, and expires February 3, 2025, with Three Point Capital Wealth Management Inc. (TPCWM"), a company wholly owned by the Manager. Please refer to the summary of the Dealer Services Agreement in Item 9 "Compensation Paid to Sellers and Finders". Also refer to Item 2.1 - "Structure - Three Point Capital Wealth Management";
- (e) RBS/Connect Services Agreement with RCMI dated February 13, 2024, The agreement allows the Company to use RCMI's manufacturer's Fundserv code, which will enable the Class F Shares to be placed on the Fundserv platform; and
- (f) Subscription Agreements with Investors dated upon acceptance by the Company. Each Investor must execute and deliver the required form of Subscription Agreement for the Offering. See Item 5.2 - "Subscription Procedure".

ITEM 3. COMPENSATION AND SECURITY HOLDINGS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Shares Held

The following table discloses the name, municipality of residence, positions held, compensation paid to, and Shares held by

, each of the Company's directors and officers, and each person who directly or indirectly beneficially owns or controls 10% or more of any class of the Shares ("**Principal Holders**"), or related party that received compensation in the most recently completed financial year, or is expected by the Issuer to receive compensation in the current financial year:

| Name and Municipality of Residence | Positions held and the date of obtaining that position | Compensation paid by the Issuer or related party in the most recent completed financial year and the compensation anticipated in the current financial year | Number and percentage of Shares of the Company held ⁽¹⁾ after completion of | |
|---|--|---|--|------------------|
| | | | Minimum Offering | Maximum Offering |
| Benedict, Ruth M. Kelowna, B.C. | Director April 30, 2020 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 1,550,000 (1.2%) | 1,550,000 (1.0%) |
| Braam, Francis R. Kelowna, B.C. | Director February 23, 2017 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 2,900,511 (2.2%) | 2,900,511 (1.8%) |
| Crompton, Donald J. ⁽²⁾⁽⁸⁾ Kelowna, B.C. | Director February 22, 2017 | Paid last year: \$Nil Anticipated this year: \$Nil See Note 2 | 2,758,718 (2.1%) | 2,758,718 (1.7%) |
| Graham, Bradley D. ⁽³⁾⁽⁸⁾ Kelowna, B.C. | Chief Credit Officer February 22, 2017 | Paid last year: \$Nil Anticipated this year: \$Nil See Note 3 | 627,301 (0.5%) | 627,301 (0.4%) |
| Kippan, Duncan R. Kelowna, B.C. | Director February 23, 2017 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 1,314,277 (1.0%) | 1,314,277 (0.8%) |
| Lee, Ryan G. ⁽⁴⁾⁽⁸⁾ Kelowna, B.C. | President February 22, 2017 | Paid last year: \$Nil Anticipated this year: \$Nil See Note 4 | 145,147 (0.1%) | 145,147 (0.1%) |
| MacKenzie, Alan R. Kelowna, B.C. | Director March 22, 2018 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 484,429 (0.4%) | 484,429 (0.3%) |
| Needham, Marylyn W. ⁽⁵⁾⁽⁸⁾ West Kelowna, B.C. | Vice-President February 22, 2017 | Paid last year: \$Nil Anticipated this year: \$Nil See Note 5 | 1,110,834 (0.9%) | 1,110,834 (0.7%) |
| Pushor, Richard J. Kelowna, B.C. | Director February 23, 2017 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 2,582,228 (2.0%) | 2,582,228 (1.6%) |
| Stroebele, Allison K. West Kelowna, B.C. | Director March 10, 2022 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 71,872 (0.1%) | 71,872 (0.09%) |
| Turik, Grant R. Kelowna, B.C. | Director February 23, 2017 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 159,304 (0.1%) | 159,304 (0.1%) |
| Ungaro, Joseph F. Kelowna, B.C. | Director February 23, 2017 | Paid last year: \$5,000 Anticipated this year: \$5,000 | 4,020,014 (3.1%) | 4,020,014 (2.5%) |
| Wilson, Leanne P. ⁽⁶⁾⁽⁸⁾ Kelowna, B.C. | Chief Operating Officer February 22, 2017 | Paid last year: \$Nil Anticipated this year: \$Nil See Note 6 | 1,266,291 (1.0%) | 1,266,291 (0.8%) |
| Three Point Capital Management Corp. ⁽⁷⁾ Kelowna, B.C. | Promoter and Manager June 27, 2017 | Paid last year: \$3,485,778 Anticipated this year: \$3,800,000 See Note 8 | nil | nil |

| Name and Municipality of Residence | Positions held and the date of obtaining that position | Compensation paid by the Issuer or related party in the most recent completed financial year and the compensation anticipated in the current financial year | Number and percentage of Shares of the Company held ⁽¹⁾ after completion of | |
|---|--|---|--|------------------|
| | | | Minimum Offering | Maximum Offering |
| Three Point Capital Wealth Management Inc. Kelowna, B.C. | Promoter ⁽⁹⁾ | Paid last year: \$367,088 Anticipated this year: \$396,000 See Note 9 | nil | nil |

Notes:

- (1) Directors, officers, and principal holders only own Class A Voting Common shares. The numbers and percentages shown will vary depending on the purchases and redemptions of Shares by and for the directors, officers, or principal holders during the term of this Offering. Amounts shown are as at the date of this Offering Memorandum. There is no minimum offering.
- (2) Donald Crompton is a salaried employee of the Manager and is a shareholder of Kensington Enterprises Ltd. that holds a 20% interest in the Manager. His compensation is not paid by the Issuer but is paid by the Manager.
- (3) Bradley Graham is a salaried employee of the Manager and is a shareholder of B&D Graham Enterprises Ltd. that holds a 20% interest in the Manager. His compensation is not paid by the Issuer but is paid by the Manager.
- (4) Ryan Lee is a salaried employee of the Manager and is a shareholder of 1975 Lee Holdings Corp. which holds a 20% interest in the Manager. His compensation is not paid by the Issuer but is paid by the Manager and Three Point Capital Wealth Management Inc, a company wholly owned by the Manager and who performs Dealer Services for the Company.
- (5) Marylyn Needham is a salaried employee of the Manager and is a shareholder of Gramar Holdings Inc. Gramar Holdings Inc. holds a 20% interest in the Manager. Her compensation is not paid by the Issuer but is paid by the Manager and Three Point Capital Wealth Management Inc, a company wholly owned by the Manager and who performs Dealer Services for the Company.
- (6) Leanne Wilson is a salaried employee of the Manager and shareholder of R553 Enterprises Ltd. which holds a 20% interest in the Manager. Her compensation is not paid by the Issuer but is paid by the Manager.
- (7) The Manager derives income from other business activities in addition to the income it receives from the Company under the Management Agreement. Since the Manager is paid only from our net income (based upon the outstanding balance of the Company's mortgage portfolio), none of the proceeds of the Offering will be used directly to pay the compensation of the Manager. The Manager also receives 100% of the NSF fees and renewal fees charged to borrowers. See Manager under Item 2.2 - Our Business.
- (8) Messrs, Crompton, Graham and Lee and Mesdames Needham and Wilson may receive dividends from their respective holding companies that own Three Point Capital Management Corp.
- (9) TPCWM may be considered a promoter of the Company. See TPCWM under Item 2.2 - "Our Business". Also see item 9 - "Compensation Paid to Sellers and Finders".

3.2 Management Experience

The following discloses the principal occupations of the directors and executive officers of the Company over the past five years.

| Name | Principal occupations and description of experience associated with the occupation |
|------------------|---|
| Ruth M. Benedict | Ruth has served as a Director of the Issuer Three Point Capital Corp. since April 2020. Ruth has been retired since 2009 but before that she was a BC Area Sales Manager for CIBC for 6 years. Her primary expertise was in the training, managing, and developing the CIBC mobile mortgage team for BC Interior, Kootenays and Caribou regions. Ruth also worked extensively in the development of specific lending guidelines for each lending area. In addition to her work with CIBC, she also managed her personal real estate portfolio of residential and multi-family properties in BC and Alberta. Ruth is currently a member of Landlords BC association and has previously been a member of the Canadian Real Estate Association from 1984 to 2002 and BCFSA from 2002 - 2009. Ruth successfully completed her Mortgage Brokerage Course from the Sauder School of Business. |
| Francis R. Braam | Francis has been a Director of the Company since February 2017 and a Director of Paradigm since November 5, 2014 and also from 2004 to 2009. Principal and Director of Royal LePage Kelowna, a real estate agency, since 1997. Francis has been a broker/owner of Royal LePage Kelowna for over 2 decades and provides valuable real estate insight and statistics to the Board. |

| Name | Principal occupations and description of experience associated with the occupation |
|--------------------|--|
| Donald J. Crompton | Don is the Chair of the Board and has served as a Director of the Issuer Three Point Capital Corp. since February 23, 2017. Don founded the manager of the issuer, Three Point Capital Management Corp. in 1994 and remained active in the management of the Issuer for several years. Prior to rejoining Three Point Capital Management Corp. as an employee in 2010, Don spent 10 years as the President and National Director of Young Life Canada. Don is currently an employee of Three Point Capital Management Corp., the manager of the Issuer. Don is currently the Voluntary Chair of Central BC and Yukon Young Life of Canada and previously a Fellow of the Real Estate Institute and member of the Real Estate Institute of BC. Previous Chair of the Real Estate Council of B.C. Don graduated university with a Bachelor of Commerce Degree. |
| Bradley D. Graham | Brad has been the Chief Credit Officer of the Company since inception in February 2017 and prior to that was the Director and Credit Manager of Paradigm since 2011. He is also a Director and Principal of Three Point Capital Management Corp., the manager of the Issuer and a registered mortgage brokerage. Brad is a Licensed Mortgage Broker in the provinces of BC, AB and ON and has achieved his level 2 Agent license in Ontario. Brad is responsible for managing and overseeing the underwriting department for the manager and is directly involved in the adjudication of every mortgage investment made by the Issuer. Prior to joining the manager of the Issuer, he was a commercial banker with TD Canada Trust from 1990 to 2009, where he was the account manager for Three Point Capital Management (formerly Paradigm Mortgage Management Corporation). He is also a Member of the Canadian Mortgage Brokers Association. |
| Duncan R. Kippan | Duncan has served as a Director of the Issuer Three Point Capital Corp. since February 23, 2017. Duncan has been retired since 2016 but previous to that he was a licensed Real Estate Agent in Kelowna for 43 years. His primary focus was on residential sales with a secondary focus on commercial real estate throughout the Okanagan. During the 43 years that Duncan was a licensed Realtor he was also a member of the Real Estate Institute of BC. |
| Ryan G. Lee | Ryan has served as the President & CEO of the Company since inception on February 22, 2017. Prior to that he was the Capital Relations Manager of Paradigm since 2013 & Director and Principal of Three Point Capital Management Corp. Prior to joining the manager of the issuer, he was the VP Business Development and Dealing Representative with Becksley Capital, an exempt market dealer, from 2008 to 2013 and President of Becksley Capital from 2012 to 2013. Ryan graduated from the University of Calgary with a Bachelor of Commerce degree with a major in Finance. His primary focus since then has been in Real Estate sales, exempt market securities and mortgage lending. Ryan is currently a Director of BC MIC Managers Association since 2021, currently serving as the President of the association. He is also a Director of Canadian Alternative Mortgage Lenders Association (CAMLA) since 2022, currently serving as the Treasurer. |
| Alan R. MacKenzie | Alan has served as a Director of the Issuer Three Point Capital Corp. since April 2018. Alan has been retired since 2018 but before that he was a Financial Advisor with Sun Life for 28 years. His primary expertise was financial planning and wealth management with a secondary focus on individual and group insurance. Alan is currently on the Board of Young Life, both regional Board (12 years) and National Board for the past 1 year. Previously Alan held his Mutual Fund license and Life Insurance license and was a member of his Church Council for 8 years and Life Underwriters Association for 28 years. |

| Name | Principal occupations and description of experience associated with the occupation |
|----------------------|--|
| Marylyn W. Needham | <p>Marylyn has been Vice President of the Company since inception in February 2017 and also holds the position of Chief Financial Officer, where she oversees operational management and financial strategies of the Company. In addition to her role with the Issuer, Marylyn has also been Chief Financial Officer and Vice President of Paradigm Mortgage Investment Corp since 2010, as well as the Chief Compliance Officer (CCO) of the connected exempt market dealer, Three Point Capital Wealth Management Inc. since its inception in 2020. As CCO Marylyn is responsible for establishing and maintaining policies and procedures for assessing compliance with securities legislation. Marylyn has also been a Director and Principal of Three Point Capital Management Corp., a registered mortgage brokerage, since 2010. She has over 30 years experience in the mortgage and investment industry overseeing internal accounting, audit and record keeping, securities reporting and information technology oversight. Marylyn was the former CFO of Royal LePage Kelowna, a large real estate brokerage firm from 1998 to 2010 where she oversaw all financial matters in the organization. Marylyn was on the Board of Directors of the BC MIC Managers Association from 2012-2020 which is a non-profit trade association, and she has been co-chair of the BCMMA EMD Compliance Forum since 2021 which oversees compliance training for Mortgage Investment corporations. Marylyn was recognized with a Top 40 over 40 award by the Kelowna Chamber of Commerce in 2019 for her business and community involvement. Marylyn is a member in good standing with the Chartered Professional Accountants of BC.</p> |
| Richard J. Pushor | <p>Rick has served as a Director of the Issuer Three Point Capital Corp. since February 23, 2017. Rick has been retired since 2014 but previous to that he was a Lawyer and founding partner of Pushor Mitchell LLP in Kelowna for 40 years. Pushor Mitchell LLP is BC's largest law firm outside of Vancouver. His primary focus was in business law and prior to joining the board of Three Point, acted as legal counsel on behalf of the Issuer. Rick is currently a member of Kelowna Chamber of Commerce and has been for 50 years. Previously, he was a member of the BC Law Society for 40 years and Rotary Kelowna for 10. He was called to the BC Bar Association May 1973.</p> |
| Allison K. Stroebele | <p>Allison has served as a Director of the Issuer Three Point Capital Corp. since April 2022. Allison is currently the Director of Sales and Service at Xylem and has been for the past 5 years. Her primary role and field of expertise is in the managing of the sales and operational teams in both Canada and the USA, including direct responsibilities in the P&L of company. Prior to that, Allison was an Engineer for 15 years with expertise in Pipeline condition assessment including operation management, product management and program & project management in the water sector for both municipal and industrial clients. Allison is currently a member of the American Water Works Association, the Manufacturing and Associates Council & the Water Main Condition Assessment Committee. She completed her Bachelor of Science degree in Mechanical Engineering as well as an Executive MBA Candidate - Graduating 2025.</p> |
| Grant R. Turik | <p>Grant has served as a Director of the Issuer Three Point Capital Corp. since February 23, 2017. Grant has been a licensed Real Estate Agent and Broker for the past 35 years. His primary focus is on residential sales with a secondary focus on commercial sales throughout the Okanagan. Grant is currently a member of Canadian Real Estate Association as well as the BC Real Estate Association and has been for the past 35 years. As a licensed Real Estate Agent, Grant must renew courses every second year. He recently completed the Legal Update and Ethics courses.</p> |
| Joseph F. Ungaro | <p>Joe has served as a Director of the Issuer Three Point Capital Corp. since February 23, 2017. Joe has been a licensed Real Estate Agent and Broker for the past 43 years. He graduated from UBC in 1980 with a Bachelor of Commerce degree, majoring in Urban Land Economics. His primary focus in real estate includes residential home sales with the addition of commercial and larger scale development sales. Joe was previously the owner/manager of Hoover Realty Ltd prior to joining Royal LePage Kelowna. Joe was a past Board member of CHBA of Kelowna and past Council member and Chair of Kelowna Catholic School Council.</p> |

| Name | Principal occupations and description of experience associated with the occupation |
|------------------|--|
| Leanne P. Wilson | Leanne has served as Chief Operating Officer of Three Point Capital Management Corp. (TPCMC), the Manager of TPCC, since the inception of TPCC. Leanne has been employed by TPCMC since 1995 and licensed as a Mortgage Broker since 1997. She has held multiple leadership, management, and administrative roles with TPCMC. Her primary areas of responsibility currently are the management of default and renewals in the TPCC portfolio and TPCMC team management and leadership. Leanne is a member of the Mortgage Brokers Association of BC, Canadian Mortgage Brokers Association of BC, and Mortgage Professionals Canada. |

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

There has been: (a) no penalty, sanction or order relating to a contravention of securities legislation that has been in effect during the last 10 years against a (i) a director, executive officer or control person of the Company, or (ii) an issuer of which any of the persons or companies referred to in (i) was a director, executive officer or control person, at the time; and (b) no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to (i) a director, executive officer or control person of the Company, or (ii) an issuer of which any of the persons or companies referred to in (i) was a director, executive officer or control person, at the time; (c) no summary conviction or indictable offence, quasi-criminal offence, misdemeanour or felony under criminal legislation, or offence under criminal legislation in Canada or any foreign jurisdiction against a (i) a director, executive officer or control person of the Company, or (ii) an issuer of which any of the persons or companies referred to in (i) was a director, executive officer or control person, at the time.

3.4 Certain Loans

The only outstanding indebtedness between the Company and any of its directors, management, promoters or principal holders as of February 29, 2024, is in the form of demand promissory notes as set out in the following table. The promissory notes are securities that are offered by the Company to qualified Investors outside of this Offering Memorandum in reliance upon other available prospectus exemptions contained in NI 45-106.

| Name | Description of indebtedness | Interest Rate | Repayment terms | Amount outstanding as at February 29, 2024 |
|--|-----------------------------|------------------------|-----------------|--|
| Speth Enterprises Ltd. (F. Braam) | Demand Promissory Notes | Prime – currently 7.2% | on demand | \$510,609 |
| Three Point Capital Wealth Management Inc. | Demand Promissory Notes | Prime – currently 7.2% | on demand | \$140,699 |
| Leanne Wilson | Demand Promissory Notes | Prime – currently 7.2% | on demand | \$28,076 |
| Gramar Holdings Inc (M. Needham) | Demand Promissory Notes | Prime – currently 7.2% | on demand | \$140,379 |
| Total | | | | \$819,763 |

ITEM 4. CAPITAL STRUCTURE

4.1 Share Capital

Our share capital is set out in the following table.

| Description of Security | Number authorized to be issued | Price per Security | Number outstanding ⁽¹⁾ | | |
|--|--------------------------------|--------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| | | | as at February 29, 2024 | after Minimum Offering ⁽³⁾ | after Maximum Offering ⁽²⁾ |
| Class A Common (voting) Shares, \$1.00 Par Value | Unlimited | \$1.00 | 133,856,586 | 133,856,586 | 163,856,586 |

| Description of Security | Number authorized to be issued | Price per Security | Number outstanding ⁽¹⁾ | | |
|---|--------------------------------|--------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| | | | as at February 29, 2024 | after Minimum Offering ⁽³⁾ | after Maximum Offering ⁽²⁾ |
| Class F Common (voting) Shares, without par value | Unlimited | \$1.00 | 0 | 0 | |

Notes:

- (1) There are not any issued or outstanding options, warrants or other securities convertible into Shares.
- (2) Assumes the completion of the maximum Offering.
- (3) There is no minimum Offering.

4.2 Long Term Debt Securities

The following table summarizes information about outstanding long term debt of the Company.

| Description of Long Term Debt and Security | Interest Rate | Repayment terms | Amount outstanding as at February 29, 2024 |
|--|--|--|--|
| \$90,000,000 Syndicated Credit Facility with TD Bank as lead arranger and RBC as secondary lender ⁽¹⁾ | Prime Rate Loan portion is Prime plus 0.75% (currently 7.95%) ⁽²⁾ | one year term maturing August 2, 2024. | \$68,041,603 |

Notes:

- (1) This loan is secured as described under Item 2.2 "Our Business - Credit Facility and Leverage".
- (2) Interest rate is TD Bank's prime rate plus .75% or by Term CORRA loans with a stamping fee of 2.0% per annum plus posted interest. Consequently, the rate may change from time to time.

4.3 Prior Sales

During the last 12 months the Company has issued the following Shares (and no securities convertible or exchangeable into Shares), excluding those issued under the Company's Dividend Reinvestment Plan:

| Date of Issuance | Type of Security Issued | Number of Securities Issued | Price per Security | Total funds Received |
|-------------------|------------------------------|-----------------------------|--------------------|----------------------|
| April 3, 2023 | Class A Voting common shares | 890,757 | \$1.00 | \$890,757 |
| May 1, 2023 | Class A Voting common shares | 273,500 | \$1.00 | \$273,500 |
| June 1, 2023 | Class A Voting common shares | 1,062,030 | \$1.00 | \$1,062,030 |
| July 4, 2023 | Class A Voting common shares | 634,456 | \$1.00 | \$634,456 |
| August 1, 2023 | Class A Voting common shares | 1,173,089 | \$1.00 | \$1,173,089 |
| September 1, 2023 | Class A Voting common shares | 175,174 | \$1.00 | \$175,174 |
| October 3, 2023 | Class A Voting common shares | 3,292,057 | \$1.00 | \$3,292,057 |
| November 1, 2023 | Class A Voting common shares | 1,723,106 | \$1.00 | \$1,723,106 |
| December 1, 2023 | Class A Voting common shares | 655,403 | \$1.00 | \$655,403 |
| January 2, 2024 | Class A Voting common shares | 1,745,500 | \$1.00 | \$1,745,500 |
| February 1, 2024 | Class A Voting common shares | 1,321,201 | \$1.00 | \$1,321,201 |
| March 1, 2024 | Class A Voting common shares | 1,554,022 | \$1.00 | \$1,554,022 |
| March 4, 2024 | Class A Voting common shares | 50,000 | \$1.00 | \$50,000 |
| TOTALS | | 14,550,295 | \$1.00 | \$14,550,295 |

During the last 12 months the Company has issued the following Shares pursuant to its Dividend Reinvestment Plan:

| | Type of Security Issued | Number of Securities Issued | Price per Security | Total Dividend funds reinvested |
|--------------------|--------------------------------|------------------------------------|---------------------------|--|
| March 17, 2023 | Class A Voting common shares | 512,902 | \$1.00 | \$512,902 |
| March 31, 2023 | Class A Voting common shares | 412,600 | \$1.00 | \$412,600 |
| April 30, 2023 | Class A Voting common shares | 404,033 | \$1.00 | \$404,033 |
| May 31, 2023 | Class A Voting common shares | 420,117 | \$1.00 | \$420,117 |
| June 30, 2023 | Class A Voting common shares | 410,438 | \$1.00 | \$410,438 |
| July 31, 2023 | Class A Voting common shares | 504,901 | \$1.00 | \$504,901 |
| August 31, 2023 | Class A Voting common shares | 515,590 | \$1.00 | \$515,590 |
| September 30, 2023 | Class A Voting common shares | 499,812 | \$1.00 | \$499,812 |
| October 31, 2023 | Class A Voting common shares | 534,057 | \$1.00 | \$534,057 |
| November 30, 2023 | Class A Voting common shares | 522,446 | \$1.00 | \$522,446 |
| December 31, 2023 | Class A Voting common shares | 542,659 | \$1.00 | \$542,659 |
| January 31, 2024 | Class A Voting common shares | 409,534 | \$1.00 | \$409,534 |
| February 29, 2024 | Class A Voting common shares | 579,068 | \$1.00 | \$579,068 |
| TOTALS | | 6,268,157 | \$1.00 | \$6,268,158 |

Notes:

- (1) See Item 5.1 - "Terms of Securities - Dividend Reinvestment Plan" for additional details of the plan.

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

The Shares offered for sale by this Offering Memorandum are Class A common shares with a par value of \$1.00 each and Class F common shares without par value at a consideration of \$1.00 per Class F Share. Set out below is a description of the Shares as well as the characteristics of the Class, B, C, D, E and F common shares of the Company. At the date hereof we do not intend to issue shares other than the Class A and Class F common shares. However, we reserve the right to make an offering of one or more classes of the Class B, C, D, or E common shares of the Company in such series, amounts and prices as may be determined in the sole discretion of the Board of Directors and in accordance with the Articles of the Company.

Class A Common Shares ("A Shares")

The Company can issue an unlimited number of A Shares with a par value of \$1.00 which have the following rights, restrictions, privileges and conditions attached thereto:

- a. Voting - The holders of the A Shares shall be entitled to receive notice of and to attend, in person or by proxy, all meetings of the shareholders of the Company and to one vote in respect of each A Share held at all such meetings, and the holders shall also be entitled to consent to and sign a resolution in writing to be signed by the shareholders of the Company as if it had been passed at a meeting of shareholders of the Company.
- b. Dividends - The holders of the A Shares shall be entitled to receive, pro rata, if, as and when declared by the Board of Directors of the Company, non-cumulative dividends. Notwithstanding the foregoing, and subject to the BCBCA, if no record date is set for purposes of determining holders of A Shares entitled to receive payment of a dividend, the Board of Directors may, in the resolution declaring the dividend, elect to pay to persons who were not holders of A Shares for a complete financial period or as at the date on which such resolution is passed a pro rata amount of the

dividend they would have been entitled to had they been a holder of A Shares for the entire financial period. **Such dividends are not entitled to the dividend tax credit under the Tax Act. See Item 8 "Income Tax Consequences and Registered Plan Eligibility".**

- c. Liquidation, Dissolution or Winding-Up - Subject to the rights of any other class of shares of the Company, or series thereof, in the event of the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among its shareholders for the purposes of winding up its affairs, the holders of the A Shares shall, after the payment of any declared but unpaid dividends, participate rateably and with the holders of all other shares in the distribution of the assets of the Company.
- d. Redemption by Company - The Company may, if authorized by a resolution of the Board of Directors, purchase, redeem or otherwise acquire, at any time, and from time to time, from one or more shareholders and without the consent of any such shareholders, any of the shareholder or shareholders' A Shares specified in such resolution for an amount per share not less than the "Class A Share Redemption Price", together with all declared but unpaid dividends thereon (the "**Class A Redemption**"). For purposes hereof, "**Class A Share Redemption Price**" means an amount determined by dividing the **Net Asset Value** of the Company, as at the applicable date for which the Net Asset Value is determined, by the number of shares of the Company which are issued and outstanding as at that date. For purposes hereof, "**Net Asset Value**" means the assets of the Company minus its liabilities, determined as at the end of the most recently completed fiscal quarter prior to the date on which the calculation is made, as conclusively determined by the audited or unaudited quarterly balance sheet of the Company for such prior fiscal quarter; and, in any case, calculated in accordance with the internal accounting policies of the Company as established from time to time by the board of directors of the Company.
 - i. Not less than thirty (30) days' notice (the "**Class A Redemption Notice**") in writing of any Class A Redemption shall be given by personal delivery (which shall include by facsimile or other electronic means) or by mailing such notice to the registered holder at the last address as it appears in the records of the Company or its transfer agent. In the case of each Class A Redemption Notice so mailed, delivery of such notice shall be deemed to have been made to the registered holder as soon as the letter containing the same has been deposited in the mail, or, when personally delivered, on the first Business Day following the date of delivery (the date upon which the Redemption Notice is deemed to be given pursuant to this section, the "**Notice Date**").
 - ii. The Class A Redemption Notice shall specify the date and manner by which the Class A Redemption Price is to be paid, which may be by direct deposit or cheque, in Canadian funds, drawn on any branch of any financial institution or any trust company with which the Company deals, payable to, or deposited to the account of, the registered holder of the shares so redeemed. Payment of the Class A Redemption Price made by the Company is conclusively deemed to have been made when deposited to the account of the registered holder, which may be at any Canadian financial institution, trust company or the offices of the Company's solicitors, or upon the depositing in the mail of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonored upon presentment. Upon receipt of the Class A Redemption Notice by the holder of the Class A Redemption Shares, such holder will thereafter cease to have any rights with respect to the Class A Redemption Shares to be redeemed or purchased, other than, upon surrender of the certificate or certificates representing the Class A Redemption Shares to be redeemed or purchased, to receive payment of the applicable Class A Redemption Price, and the right to receive any dividends declared thereon prior to the Notice Date which remain unpaid. Surrender of the certificate or certificates for such Class A Redemption Shares to be redeemed or purchased is sufficient only if such certificate or certificates are duly and properly endorsed by the registered holder in blank for transfer or accompanied by a form of transfer acceptable to the Company and duly executed in blank by the registered holder. Notwithstanding the foregoing, such certificate(s) or transfer(s) may be executed by the authorized attorney of the registered holder, in which case such certificate(s) or transfer(s) shall be accompanied by evidence of the authority of such attorney satisfactory to the Company.

- e. Redemption Request by Shareholder - Subject to the applicable provisions of the BCBCA and the Company Articles and the special rights and restrictions attached to the shares of any class or series, the Company shall, in each financial year, purchase, redeem or otherwise acquire from Shareholders that give a written request therefor **at minimum, if requested**, 10% of the total number of shares outstanding in the Company as of the beginning of such financial year or 2.5% of the total number of shares of the Company as of the beginning of each financial quarter. It is currently the policy of the Company to process these requests monthly; on the 1st day of each month. If more shares than the 10% annually or 2.5% in each financial quarter are tendered, the Company, in its sole discretion may purchase, redeem or otherwise acquire such shares as the Board deems appropriate. The Company may also redeem any amount in excess of the minimum 10% annually or 2.5% in each financial quarter on a pro rata basis. Any such excess shall not carry over nor have priority over shares tendered during the next financial quarter or year.

Where any shares are properly tendered for redemption, the redemption price per share shall be the amount specified pursuant to the special rights and restrictions attached to the applicable class of shares or series so tendered, together with all declared but unpaid dividends thereon, or if not specified, an amount determined by dividing the Net Asset Value of the Company, as at the applicable date for which the Net Asset Value is determined, by the number of shares of the Company which are issued and outstanding as at that date, together with all declared but unpaid dividends thereon (the "**Redemption Price**"). For purposes hereof, "Net Asset Value" means the assets of the Company minus its liabilities, determined as at the end of the most recently completed fiscal quarter prior to the date on which the calculation is made, as conclusively determined by the audited or unaudited quarterly balance sheet of the Company for such prior fiscal quarter; and, in any case, calculated in accordance with the internal accounting policies of the Company as established from time to time by the Board of Directors. As Net Asset Value may change from time to time, the Redemption Price of Shares may not equal the \$1.00 issuance price paid for the Share. In particular, in the event any loss provisions are taken on any Mortgages from time to time, the resulting reduction to the value of the Corporation's assets would result in a decrease to the Redemption Price.

Class B, C, D, E and F Shares

The Company can issue an unlimited number of Class B, C, D, E and F common shares, all of which are without nominal or par value, each as a separate class, and shall have the following rights, restrictions, privileges and conditions attached thereto:

- a. Series
 - i. The B, C, D, E and F shares, each as a separate class, may be issued from time to time in one or more series and, subject to the Articles and the BCBCA, the Board of Directors of the Company is authorized to fix, from time to time before issuance, the number of shares in and the designation, rights, privileges, restrictions and conditions attaching to the shares of each such series, and, without limiting the generality of the foregoing, but subject to the BCBCA, the Board of Directors, by resolution, is authorized to do one or more of the following:
 - A. determine the maximum number of shares of any of those series of shares that the Company is authorized to issue, determine that there is no maximum number or alter any determination made, under this section or otherwise, in relation to a maximum number of those shares, and authorize the alteration of the notice of Articles accordingly;
 - B. alter the Articles of the Company, and authorize the alteration of the notice of Articles, to create an identifying name by which the shares of any of those series of shares may be identified or to alter any identifying name created for those shares;
 - C. alter the Articles, and authorize the alteration of the notice of Articles, to attach special rights or restrictions to the shares of any of those series of shares or to alter any special rights or restrictions attached to those shares.

- ii. Notwithstanding anything contained herein to the contrary, no special rights or restrictions attached to a series of any such class of share shall confer on the series priority over another series of that class of shares respecting (i) dividends, or (ii) a return of capital on the dissolution of the Company or on the occurrence of any other event that entitles the shareholders holding the shares of all series of shares of the same class of shares to a return of capital.
- b. Voting - Except as expressly provided in the special rights or restrictions which the board of directors may create, define or attach to any series, the holders of the B, C, D, E and F common shares, each as a separate class, shall be entitled to receive notice of and to attend, in person or by proxy, all meetings of the shareholders of the Company and to one vote in respect of each such share held at all such meetings, and the holders shall also be entitled to consent to and sign a resolution in writing to be signed by the shareholders of the Company as if it had been passed at a meeting of shareholders of the Company.
- c. Dividends
 - i. Except as expressly provided in the special rights or restrictions which the board of directors may create, define or attach to any series of any of the B, C, D, E or F common shares, the board of directors may declare and or pay dividends from time to time with respect to any one or more of the B, C, D, E or F common shares, and or any one or more series thereof, and to the exclusion of any other classes of shares, and or any one or more series thereof.
 - ii. Notwithstanding anything herein contained to the contrary, where shares of one or more series of the same class are entitled to cumulative dividends, and where cumulative dividends in respect of any series of such class are not paid in full, the shares of all series of that class entitled to cumulative dividends shall participate rateably in respect of accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full.
- d. Liquidation, Dissolution or Winding-Up
 - i. Except as expressly provided in the special rights or restrictions which the Board of Directors may create, define or attach to any series of any of the B, C, D, E or F common shares, in the event of the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among its shareholders for the purposes of winding up its affairs, the holders of the B, C, D, E or F common shares, each as a separate class, shall, after the payment of any declared but unpaid dividends, participate rateably and with the holders of all other shares in the distribution of the assets of the Company.
 - ii. Notwithstanding anything herein contained to the contrary, if amounts payable on a dissolution of the Company, or on the occurrence of any other event that entitles the shareholders holding the shares of all series of shares of the same class of shares to a return of capital, are not paid in full, the shares of all series of shares of the same class of shares must, in a return of capital in respect of that class of shares, participate rateably in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.
- e. Redemption by Company of Class F Series 1 Shares
 - i. The Company may, if authorized by a resolution of the board of directors, purchase, redeem or otherwise acquire, at any time, and from time to time, from one or more shareholders and without the consent of any such shareholders, any of the shareholder or shareholders' Class F Series 1 Shares specified in such resolution for an amount per share not less than the "Class F Series 1 Share Redemption Price", together with all declared but unpaid dividends thereon (the "Class F Series 1 Redemption"). For purposes hereof, "Class F Series 1 Share Redemption Price" means an amount determined by dividing the Net Asset Value of the Company, as at the applicable date for which the Net Asset Value is determined, by the number of shares of the Company which are issued and outstanding as at that date. For purposes hereof, "Net Asset Value"

means the assets of the Company minus its liabilities, determined as at the end of the most recently completed fiscal quarter prior to the date on which the calculation is made, as conclusively determined by the audited or unaudited quarterly balance sheet of the Company for such prior fiscal quarter; and, in any case, calculated in accordance with the internal accounting policies of the Company as established from time to time by the board of directors of the Company.

- ii. Not less than thirty (30) days' notice (the "Class F Series 1 Redemption Notice") in writing of any Class F Series 1 Redemption shall be given by personal delivery (which shall include by facsimile or other electronic means) or by mailing such notice to the registered holder at the last address as it appears in the records of the Company or its transfer agent. In the case of each Class F Series 1 Redemption Notice so mailed, delivery of such notice shall be deemed to have been made to the registered holder as soon as the letter containing the same has been deposited in the mail, or, when personally delivered, on the first Business Day following the date of delivery (the date upon which the Redemption Notice is deemed to be given pursuant to this section, the "Class F Series 1 Notice Date").
 - iii. The Class F Series 1 Redemption Notice shall specify the date and manner by which the Class F Series 1 Redemption Price is to be paid, which may be by direct deposit or cheque, in Canadian funds, drawn on any branch of any financial institution or any trust company with which the Company deals, payable to, or deposited to the account of, the registered holder of the shares so redeemed. Payment of the Class F Series 1 Redemption Price made by the Company is conclusively deemed to have been made when deposited to the account of the registered holder, which may be at any Canadian financial institution, trust company or the offices of the Company's solicitors, or upon the depositing in the mail of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonored upon presentment. Upon receipt of the Class F Series 1 Redemption Notice by the holder of the Class F Series 1 Redemption Shares, such holder will thereafter cease to have any rights with respect to the Class F Series 1 Redemption Shares to be redeemed or purchased, other than, upon surrender of the certificate or certificates representing the Class F Series 1 Redemption Shares to be redeemed or purchased, to receive payment of the applicable Class F Series 1 Redemption Price, and the right to receive any dividends declared thereon prior to the Class F Series 1 Notice Date which remain unpaid. Surrender of the certificate or certificates for such Class F Series 1 Redemption Shares to be redeemed or purchased is sufficient only if such certificate or certificates are duly and properly endorsed by the registered holder in blank for transfer or accompanied by a form of transfer acceptable to the Company and duly executed in blank by the registered holder. Notwithstanding the foregoing, such certificate(s) or transfer(s) may be executed by the authorized attorney of the registered holder, in which case such certificate(s) or transfer(s) shall be accompanied by evidence of the authority of such attorney satisfactory to the Company.
- f. Redemption by Class F Series 1 Shareholder
- i. In the event a request is made by a shareholder of a Class F Series 1 Share to redeem or repurchase all or a portion of that shareholder's Class F Series 1 Shares pursuant to Article 7.1, the redemption or repurchase price shall be the Class F Series 1 Redemption Price.

Constraints on Transferability

The Articles of the Company will not permit the registration of a transfer of shares of the Company unless: (i) a duly signed instrument of transfer has been received; (ii) the applicable share certificate for the shares being transferred is surrendered; and (iii) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, such acknowledgement has been surrendered. Also, the Company's Board of Directors intends to refuse registration of any transfer of Shares which would result in the Company ceasing to meet the qualifications of a MIC.

The Tax Act stipulates that a MIC must have 20 or more Shareholders and no one shareholder may hold more than 25% of the issued shares of any class of the Company. For the purposes of calculating the percentage of issued Shares held by a shareholder, the Tax Act provides that:

- i. a shareholder is deemed to own each share owned at that time by a person related to the shareholder;
- ii. each beneficiary of a trust is deemed to own that proportion of all such shares owned by the trust at that time that the fair market value at that time of the beneficial interest of the beneficiary in the trust is of the fair market value at that time of all beneficial interests in the trust, provided that where a beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure of any person to exercise, any discretionary power, the beneficiary shall be deemed to own each share owned at that time by the trust; and
- iii. each member of a partnership is deemed to own that proportion of all the shares of any class of the capital stock of the Company that are property of the partnership at that time that the fair market value at that time of the member's interest in the partnership is of the fair market value at that time of the interests of all members in the partnership.

For the purposes of the foregoing, the Tax Act provides that a person is related to a shareholder if they meet the definition of "related persons" in the Tax Act, except that for individuals, the following individuals are considered to be related:

- i. an individual and the individual's child (as defined in s. 70(10) of the Tax Act) who is under 18 years of age; or
- ii. an individual and the individual's spouse or common-law partner. The term "common-law partner" is defined in the Tax Act.

The Tax Act states that a trust governed by a registered pension plan or a deferred profit-sharing plan is counted as four shareholders for the purposes of determining the number of shareholders and as one shareholder for the purposes of determining if a shareholder owns more than 25% of the issued shares.

There is no one shareholder of the Company that owns more than 25% of the issued shares. However, the Company makes no representation as to whether the above deeming rules would result in any one shareholder being deemed to hold more than 25% of the issued shares.

In addition to the restrictions in the Articles and the Tax Act, the Shares and other classes of shares of the Company are subject to indefinite resale restrictions under National Instrument 45-102- *Resale of Securities*. Accordingly, the shares of the Company cannot be transferred without reliance upon one of the limited prospectus exemptions available under NI 45-106.

Restrictions on Ownership

The Tax Act imposes significant penalties on investments by Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF), Registered Education Savings Plans (RESP) Registered Disability Savings Plans (RDSP), First Home Savings Accounts (FHSA) and Tax-Free Savings Accounts (TFSA), collectively "**Registered Plan**") if the ownership through a Registered Plan by an investor and parties not dealing at arm's length with the investor equals 10% or more of the shares of any class of a MIC or if a MIC holds any indebtedness of a person who is a connected person of the Registered Plan. A non-arm's length party includes a related party, but it can also include unrelated parties, depending up on the facts of the situation. A "related party" includes the investor, and anyone related to the investor by blood, marriage, "common-law" partnership or adoption. A "connected person" of a Registered Plan is a person who is an annuitant, a beneficiary, an employer, a subscriber or a holder of the Registered Plan, along with any person who does not deal at arm's length with any such person. **These Tax Act rules are complex, and investors should seek advice from a qualified tax advisor if the investor and the investor's non-arm's length parties might jointly own 10% or more of any class of the shares of the Company or if a connected person to the Registered Plan is, or becomes, indebted to the Company.**

The Tax Act imposes significant penalties on investments by Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF), Registered Education Savings Plans (RESP) Registered

Disability Savings Plans (RDSP) and Tax-Free Savings Accounts (TFSA), collectively "**Registered Plan**") if the ownership through a Registered Plan by an investor and parties related to the investor equals 10% or more of the shares of a MIC. A "related party" includes the investor, and anyone related to the investor by blood, marriage, "common law" partnership or adoption. **These Tax Act rules are complex, and investors should seek advice from an accountant, investment advisor or other qualified person if the investor and the investor's related parties might jointly own 10% or more of our Shares.**

Conversion and Exchange

The Shares are not convertible into or exchangeable for any other form of share or security of the Company.

Dividend Policy

Subject to compliance with the applicable provisions of the BCBCA and the Company's Articles, the Board of Directors, with input from the Manager may, in their sole discretion, declare and distribute dividends to holders of the Shares. The Directors may declare different dividends on different classes of shares to adjust for fees and other costs attributable to the sales channels relating to each Class of Shares. Dividends are neither cumulative nor guaranteed. However, as a MIC, we intend to pay out all the Company's net income and net realized capital gains as dividends (which dividends are taxed as income in the hands of the Shareholders, not as dividends). Any such dividends are not entitled to the dividend tax credit under the Tax Act. See Item 8 - "Income Tax Consequences and Registered Plan Eligibility".

It is the intention of the Board of Directors to declare a monthly dividend which, in aggregate, will represent up to 90% of the estimated annual dividend return that can be paid in cash or through a dividend reinvestment plan with a top up dividend to be declared within 90 days of each financial year end. However, as a result of the potential impact of the general economic uncertainties on the Company's business, management expects that the board of directors will reconsider the Company's current dividend policy and may take further action with respect to dividends, and may consider eliminating, suspending, or significantly reducing the dividends. See "Item 2.3 - Development of the Company's Business Economic Outlook

Dividend Reinvestment Plan

Shareholders will have the option to elect at any time to be enrolled in a Dividend Reinvestment Plan (DRIP) that provides for enrolled holders of Shares ("Participants") to automatically re-invest any cash dividends in additional Shares of the class of Shares on which the dividends are payable. Unless Shareholders specifically elect to receive cash dividends and opt out of the DRIP in the Subscription Agreement, Shareholders will be considered to be enrolled in the DRIP. The DRIP is available to all Shareholders resident of Canada, and subject to applicable laws, may be available to residents of other jurisdictions. The DRIP is administered by the Transfer Agent.

Pursuant to the DRIP, at each dividend payment date, participating holders of Shares ("Participants") are credited with the number of Shares of the applicable class equal to the cash dividend payment divided by \$1.00. All dividends paid on Shares acquired under the DRIP are automatically reinvested in additional Shares of the same class on each subsequent dividend payment date (provided the Participant continues to be a Participant in the DRIP at each such subsequent dividend payment date). Fractional Shares may be issued under the DRIP. Any fractional Shares would be paid to the DRIP Participant in cash upon transfer of their Shares or termination of the DRIP, or withdrawal from the DRIP.

The Company has the power to make rules and regulations in respect of the administration of the DRIP that are not inconsistent with its terms. The Company also reserves the right to terminate the DRIP at any time or the participation of any person in it.

5.2 Subscription Procedure

Persons wishing to subscribe for Shares under this offering may do so by returning to the Company at #210 – 1980 Cooper Road, Kelowna, British Columbia V1Y 8K5, the following:

- a) a completed and signed Subscription Agreement with **all** applicable schedules; and

- b) a personal cheque, bank draft or certified cheque in the amount of your investment payable to "Three Point Capital Corp."

For investors subscribing through a CIRO dealer member, subscriptions will be paid through the Fundserv network by the relevant dealer member under the agreement between the investor and the dealer member.

Investors wishing to subscribe for Shares are required to enter into a Subscription Agreement with the Company in the form accompanying this Offering Memorandum, containing, among other things, representations, warranties, certifications, acknowledgments, and covenants by you, as the Investor. The procedure for your Share subscription is set out in the Subscription Agreement. You should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of you and the Company. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. You should consult with your own professional advisors. See Item 10 – "Risk Factors".

In addition to the representations, warranties, certifications, acknowledgments and covenants provided for in the Subscription Agreement, the Subscription Agreement includes a power of attorney whereby you, as the Investor, irrevocably authorizes the Company, in its sole discretion: (a) to act as your representative at the Closing and to execute in your name and on your behalf all closing receipts and documents required; (b) to complete or correct any minor errors or omissions in any form or document, including the Subscription Agreement, provided by the Investor; (c) to receive on your behalf certificates representing the Shares purchased under the Subscription Agreement; if any are issued; and (d) to approve any opinions, certificates or other documents addressed to the Investor. Such power of attorney is irrevocable and is coupled with an interest, and it survives any legal or mental incapacity, dissolution, bankruptcy or death of the Investor.

Subject to the rights of rescission described in Item 13 – "Purchaser's Rights", your subscription, as evidenced by your completed and signed Subscription Agreement delivered to the Company, is irrevocable. No prospective Investor has any right to withdraw your subscription for Shares unless the Company terminates the Offering or does not accept the subscription.

The Company will not deposit your cheque or funds received through the Fundserv network representing the subscription price, until at least midnight on the second business day after the day on which you signed your Subscription Agreement, after which time those funds will be deposited and will be held until the Company has accepted or rejected such subscription, in whole or in part, in connection with a Closing of the Offering. Holding your cheque or your aggregate subscription price in this manner does not constitute acceptance of your subscription for Shares.

At any Closing of the Offering:

- proceeds from subscriptions for Shares will be available to the Company for its use, as described in this Offering Memorandum; and
- the Company will arrange for delivery to your trustee (if the Shares are being held within a registered plan), or to RCMI or your CIRO dealer member (if the Shares are purchased through Fundserv), one or more certificates or other record representing fully paid Shares, provided the aggregate subscription price has been paid in full and the Shares are held by a trustee or RCMI or a CIRO dealer member. It is expected that certificates or other records representing the Shares will be available for delivery within a reasonable period of time after the relevant Closing Date(s).

No interest will be paid to or accrued for the benefit of the subscriber for Shares on any portion of your aggregate subscription price held prior to Closing. Any interest earned on such funds belongs to the Company irrespective of its acceptance or rejection of your subscription for Shares.

Unless Shareholders specifically opt to receive cash dividends in the Subscription Agreement, Shareholders will be considered to be enrolled in the DRIP.

By purchasing Shares pursuant to the Offering, you have consented to and requested that all documents evidencing or relating in any way to the sale of the Shares be drawn up in the English language only. The Company may close the subscription books at any time without notice. Any subscription funds for

subscriptions that the Company does not accept will be returned promptly after the Company has determined not to accept such subscription.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

5.3 Investor Qualifications

The Shares offered hereby are being distributed pursuant to Securities Policies and as set out in Part 2.9 [Offering Memorandum Exemption] of NI 45-106. This Part sets out the specific criteria and investment limits for Investors based on the jurisdiction the Investor is resident in. Please refer to the accompanying Subscription Agreement and review it carefully to determine whether you are eligible to subscribe for Shares and the aggregate number of Shares you are eligible to subscribe for.

ITEM 6. SHARE REDEMPTION REQUESTS

The Shares of the Company do provide for a right of redemption, subject to certain limitations imposed by applicable law and the Articles of the Company. See Item 5.1 - "Terms of Securities". Since incorporation to the date of this Offering Memorandum, the Company has honored 100% of its redemption requests as follows (at the date of this Offering Memorandum, the Company has issued only Class A shares):

| Financial Year | Redemption Requests | | | | | | | |
|----------------|------------------------------|---|--------------------------------|-------------|--------------------------------|-------------|-----------------------------|---|
| | Opening Outstanding Requests | | Received during Financial Year | | Paid Out during Financial Year | | Ending Outstanding Requests | |
| 2017 | 0 | 0 | 44 | \$1,578,924 | 44 | \$1,578,924 | 0 | 0 |
| 2018 | 0 | 0 | 32 | \$1,711,136 | 32 | \$1,711,136 | 0 | 0 |
| 2019 | 0 | 0 | 68 | \$3,586,597 | 68 | \$3,586,597 | 0 | 0 |
| 2020 | 0 | 0 | 83 | \$6,308,266 | 83 | \$6,308,266 | 0 | 0 |
| 2021 | 0 | 0 | 65 | \$3,557,363 | 65 | \$3,557,363 | 0 | 0 |
| 2022 | 0 | 0 | 95 | \$4,018,062 | 95 | \$4,018,062 | 0 | 0 |
| 2023 | 0 | 0 | 107 | \$6,058,898 | 107 | \$6,058,898 | 0 | 0 |
| 2024 | 0 | 0 | 21 | \$1,062,589 | 21 | \$1,062,589 | 0 | 0 |

Redemptions are not paid from the Gross Proceeds of share offerings. The source of funds used to complete Redemptions has been the Company's income and operations such as Mortgage Payouts as well as the Credit Facility.

ITEM 7. CERTAIN DIVIDENDS OR DISTRIBUTIONS

To date, the Company has not paid dividends or distributions that exceeded cash flow from operations.

ITEM 8. INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY

8.1 Tax Advice

You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

8.2 Certain Canadian Income Tax Considerations

THIS SUMMARY IS OF A GENERAL NATURE ONLY, IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN FEDERAL INCOME TAX CONSIDERATIONS AND IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED TO BE LEGAL, BUSINESS OR TAX ADVICE TO ANY PARTICULAR PERSON. THIS SUMMARY DOES NOT ADDRESS PROVINCIAL OR TERRITORIAL LAWS OF CANADA OR ANY TAX LAWS OF ANY JURISDICTION OUTSIDE OF CANADA. ACCORDINGLY, INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM.

The following is a summary prepared by Grant Thornton LLP respecting the principal Canadian federal income tax considerations under the *Income Tax Act* ("**Tax Act**") and regulations thereunder generally applicable to an individual (other than a trust) or corporation who acquires Shares pursuant to this Offering based on the following facts and assumptions:

- a. Persons are, and will not cease to be, individuals or corporations resident in Canada;
- b. Persons hold the Shares as capital property;
- c. Persons deal at arm's length with the Company and are not affiliated with the Company for purposes of the Tax Act; and
- d. The Company will qualify as a MIC at all relevant times. The Company has advised us that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout each taxation year and for all future taxation years. See "*Criteria for Qualifying as a MIC*" below for an analysis. We express no opinion as to the current status of the Company as a MIC; however, based on our analysis of the financial statements and the shareholders' register of the Company for the period ended December 31, 2023, we are not aware of any reason the Company would not meet the definition of a MIC throughout the December 31, 2023 taxation year. If the Company were to not qualify as a MIC at such times, the income tax considerations described below would in some respects be materially and adversely different.

It is incumbent upon Persons to fully investigate and substantiate the expectations above.

Generally, the Shares will be considered to be capital property to a Person unless such Shares are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be in an adventure in the nature of trade. Certain Persons who might not otherwise be considered to hold Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Person in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary is not applicable to a person: (i) that is a "financial institution" for purposes of the market-to-market rules contained in the Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution", each as defined in the Tax Act; (iii) who has acquired Shares upon the exercise of an employee stock option; or, (iv) that holds an interest which is or would constitute a "tax shelter investment", as defined under the Tax Act; or (v) to whom the "functional currency" reporting rules in section 261 of the Tax Act apply. All such Persons should consult their own tax advisors.

This income tax summary is also not applicable to a Person who holds their Shares in a Registered Plan or who is exempt from tax under Part I of the Tax Act, other than the comments contained in the sections "*Eligibility for Investment*" and "*Criteria for Qualifying as a MIC*" discussed below.

This summary is based upon the facts set out in the Offering Memorandum, the current provisions of the Tax Act and the Regulations, relevant decisions of the Canadian courts, and our understanding of the current administrative policies and assessing practices as published by the CRA as of the date hereof. This summary also reflects our understanding of any proposed legislation or regulations released by the Department of Finance.

It must be recognized that the applicable legislation, judicial interpretation thereof, and the CRA's administrative practices with respect thereto are subject to change, and that the policies and assessing practices prevailing in the future when the proposed transactions are reviewed by the tax authorities may be different from those relied on for the purposes of this summary. In the event of such changes, the views expressed herein may be affected.

Criteria for Qualifying as a MIC

As a MIC, a company is subject to special rules under the Tax Act that permit it to be operated, in effect, as a "flow through" conduit of its profit to its Shareholders. The income of the company for purposes of the Tax Act includes interest earned and the taxable portion of any net realized capital gains. The company is permitted to deduct from its net income all taxable dividends it pays to its Shareholders and 50% of any capital gains dividends it pays to its Shareholders, as long as the amounts are paid within the periods

prescribed by the Tax Act. If and to the extent the company has income after these and other applicable deductions, such income is subject to the prevailing tax rates applicable to a public corporation.

To qualify as a MIC under subsection 130.1(6) of the Tax Act, a corporation will be a MIC throughout a taxation year if, throughout the year:

- a. it was a Canadian corporation;
- b. its only undertaking was the investing of funds of the corporation and it did not manage or develop any real or immovable property;
- c. none of the property of the corporation consisted of:
 - i. debts owing to the corporation that were secured on real or immovable property situated outside Canada;
 - ii. debts owing to the corporation by non-resident persons, except any such debts that were secured on real or immovable property situated in Canada,
 - iii. shares of the capital stock of corporations not resident in Canada, or
 - iv. real or immovable property situated outside Canada, or any leasehold interest in such property;
- d. there were 20 or more shareholders of the corporation and no one shareholder (together with related persons) held, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the corporation at any time in the year. There is an exception to this test for the first taxation year of a corporation (pursuant to paragraph 130.1(8) of the Tax Act, in the year of the incorporation a company will be deemed to have complied with the ownership test throughout the year if it complied on the last day of the first taxation year);
- e. any holders of preferred shares of the corporation had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the common shares of the corporation, to participate *pari passu* with the holders of the common shares in any further payment of dividends;
- f. the cost amount to the corporation of such of its property as consisted of:
 - i. debts owing to the corporation that were secured, whether by mortgages, hypothecs or in any other manner, on houses (as defined in section 2 of the National Housing Act) or on property included within a housing project (as defined in that section as it read on June 16, 1999), and
 - ii. amounts of any deposits standing to the corporation's credit in the records of
 - A. a bank or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec, or
 - B. a credit union,plus the amount of any money of the corporation was at least 50% of the cost amount to it of all of its property;
- g. the cost amount to the corporation of all real or immovable property of the corporation, including leasehold interests in such property (except real or immovable property acquired by the corporation by foreclosure or otherwise after default made on a mortgage, hypothec or agreement of sale of real or immovable property) did not exceed 25% of the cost amount of all of its property;
- h. its liabilities did not exceed 3 times the amount by which the cost amount to it of all of its property exceeded its liabilities, where at any time in the year the cost amount to it of such of its property as consisted of property described in subparagraphs f(i) and (ii) plus the amount of any money of the corporation was less than 2/3 of the cost amount to it of all of its property; and,

- i. its liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeds its liabilities, where paragraph 6.2(h) is not applicable.

Further to the opinions detailed above regarding the Company's MIC status, it is assumed for the purposes of this summary that the Company is now, was and will at all material times continue to be a "mortgage investment corporation" as defined in the Tax Act.

It is assumed that no change in the circumstances or investments of the Company, or in the composition or activities of the Shareholders, will occur in the future that would cause the Company to cease to qualify as a MIC, although no opinion can be given in these respects. It is also assumed that the Company will take whatever steps are necessary to ensure that the Company will continue to meet the requirements of a MIC in the Tax Act. If the Company were not to qualify as a MIC, the income tax consequences would be materially different from those described above and below.

Taxation of the Company

The Company will, in computing its taxable income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Company in computing its income for the preceding year. As a MIC is deemed to be a public corporation, no capital dividends can be paid by the Company. However, a MIC may declare a capital gains dividend in an amount equal to the gross of its capital gains and is entitled to deduct a portion of such dividend from its taxable income (capital gains dividends may be deducted in the taxation year where they are paid during the period commencing 91 days after the commencement of the taxation year and ending 90 days after the taxation year). As discussed below, a capital gains dividend is taxed in the hands of a shareholder as a capital gain arising from a notional disposition of capital property. The combination of the Company's deduction for capital gains dividends and the shareholder's deemed capital gain will allow the Company to flow capital gains through to a shareholder on a tax efficient basis. As a public corporation, the Company will be subject to tax at the highest corporate rates. However, the Company intends to declare dividends and capital gains dividends each year in sufficient amounts to reduce its taxable income to nil.

Taxation of Shareholders

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

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

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

Fifty (50%) percent of any capital gain realized by a Shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the Shareholder's income under the Tax Act as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the shareholder in such year, in the three preceding taxation years or in any subsequent taxation year.

The taxable capital gains realized by a shareholder that is an individual may give rise to alternative minimum tax depending upon the shareholder's circumstances. A Shareholder that is a "Canadian Controlled Private Company" (as defined in the Tax Act) may be liable to pay an additional tax, a portion of which is refundable, on capital gains dividends and ordinary dividends received.

8.3 Eligibility for Investment

Provided that the Company remains qualified as a MIC under the Tax Act, the Shares should be considered qualified investments under the Tax Act for any trust that is governed by a RRSP, RRIF, RESP, RDSP, FHSA or a TFSA (as those terms are defined in the Tax Act and collectively "Registered Plan") so long as the Company does not hold as part of its property any indebtedness of the holder annuitant, beneficiary, employer or subscriber of the Registered Plan or any person who does not deal at arm's length with that person for the purposes of the Tax Act.

Notwithstanding that the Shares may be a qualified investment for a Registered Plan, a holder of a Registered Plan will be subject to penalty tax under the Tax Act if the share is a "prohibited investment" of the Registered Plan for the purposes of the Tax Act. Generally, the Shares will not be a "prohibited investment" provided that, for the purposes of the Tax Act, the holder of the Registered Plan deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Company or in any corporation, partnership or trust with which the Company does not deal at arm's length for purposes of the Tax Act. A significant interest is generally defined as a taxpayer who owns directly or indirectly 10% or more of any class of shares of the corporation, either alone or together with parties with whom the taxpayer does not deal at arm's length for the purposes of the Tax Act. Not all securities are eligible for investment in a Registered Plan. You should consult your own professional advisers to obtain advice on the Registered Plan eligibility of these securities.

ITEM 9. COMPENSATION PAID TO SELLERS AND FINDERS

The Company will not pay any commissions on the sale of Shares under the Offering. Fees are however payable to TPCWM pursuant to the Dealer Services Agreement, and annual trailer fees may be payable to other arm's length EMDs and CIRO regulated dealers. All such fees are paid from income or other sources of cash, but not from the Gross Proceeds of the Offering. For further particulars, see "Dealers" and "Dealer Services Agreement", below. Also see Item 1 - "Use of Available Funds".

Dealers

The Company, where permitted by applicable Securities Policies, may sell Shares through arm's length Exempt Market Dealers. However, it is expected that no commissions will be paid other than a one (1%) percent annual trailer fee.

In addition to EMDs, the Company, where permitted by applicable Securities Policies, may sell Shares on Fundserv through dealers regulated by and who are members of CIRO. However, it is expected that no commissions or trailer fees will be paid by the Company in these circumstances, as subscribers of Shares would pay fees directly to their advisors for investment advice and other services.

Any trailer fees payable in respect of a Share will be paid annually by the Company, from its income or from other sources of cash available to it, so long as that Share remains issued and outstanding. As at the time of this Offering Memorandum there is only \$1.3 million in share capital outstanding that is currently eligible to receive a 1% annual trailer fee. All such fees are calculated based on the "Net Asset Value" per Share at the applicable anniversary payment date, as determined in accordance with the Company's Articles. See Item 5 - "Securities Offered - Terms of Securities".

Dealer Services Agreement

The Company and TPCWM entered into the Dealer Services Agreement dated February 14, 2019, which came into effect on the date of TPCWM being registered as an EMD in British Columbia and Alberta, being February 03, 2020. The Dealer Services Agreement provides for the appointment of TPCWM as a non-exclusive selling agent authorized to offer Shares for Sale on behalf of the Company pursuant to this Offering Memorandum, either directly or indirectly through sub-agents.

Pursuant to the Dealer Services Agreement, TPCWM is under no obligation to solicit offers to purchase Shares or to purchase Shares itself. **Irrespective of whether or not TPCWM solicits offers to purchase Shares, and irrespective of whether or not any Shares are actually sold through TPCWM, TPCWM will be paid a monthly fee calculated as 0.3% x one-twelfth (1/12) of the number of outstanding Shares of the Company each month during the term of the Dealer Services Agreement (plus any applicable sales tax).**

Further, pursuant to the Dealer Services Agreement, both the Company and TPCWM have agreed to promptly notify the other party of the particulars of any change (actual, contemplated or threatened) in its business or affairs which is of such a nature as to render this Offering Memorandum, or any part hereof, misleading or untrue in any material respect and to comply with all applicable filing and other requirements under all Applicable Laws as a result of such change, and otherwise cooperate in all reasonable respects for purposes thereof.

The Dealer Services Agreement may be terminated by either party for any reason upon providing 60 days' written notice to the other party. The Dealer Services Agreement may also be terminated by a party in the event of, among other things, a material breach by the other party which is not remedied within 15 days of notice.

The Dealer Services Agreement also contains indemnity provisions. TPCWM has agreed to indemnify the Company and the Manager from claims suffered or incurred by reason of any breach of the Dealer Services Agreement or default by TPCWM or other failure of TPCWM to comply with its obligations under the Dealer Services Agreement, or failure by it (or any of its sub-agents) to comply with applicable laws relating to the Offering. The Company has agreed to indemnify TPCWM (and any of its sub-agents) from claims suffered or incurred by reason of (i) any breach of the Dealer Services Agreement or default by the Company or other failure of the Company to comply with its obligations under the Dealer Services Agreement, (ii) failure by the Company to comply with applicable laws relating to the Offering, or (iii) any misrepresentation or omission in the Offering Memorandum, or any document deemed incorporated therein.

The Company is considered a "connected issuer" of TPCWM, as such terms are defined by National Instrument 33-105 *Underwriting Conflicts*, by virtue of TPCWM's role as an exempt market dealer engaged by the Company to sell the Shares offered hereunder and based on the fact that the Company and TPCWM have common directors and officers and based on the fact that both the Company and TPCWM are "connected issuers" to the Manager. TPCWM is a "related issuer" to the Manager because all issued and outstanding voting shares of TPCWM are beneficially owned and controlled by the Manager. The Company is a connected issuer to the Manager because of common directors and officers. In addition, TPCWM will be considered a "captive dealer" as such term is defined by CSA Staff Notice 31-343 Conflicts of Interest in Distributing Securities of Related or Connected Issuer. Conflicts of interest shall be governed by the provisions of the BCBCA, the policies and procedures of the Company and obligations of TPCWM, as a registrant, pursuant to Securities Policies. See Item 10 - "Risk Factors – Conflicts of Interest".

As the Company and TPCWM are related parties, the Dealer Services Agreement is a related party transaction. Consequently, the terms of the Dealer Services Agreement are not the result of arm's length negotiations and may not be consistent with what would otherwise be negotiated in an arm's length transaction between two parties with equal bargaining power free from duress or pressure. In particular aggregate monthly fees, which may be payable to TPCWM in any given month may be significantly high or low in relation to the efforts of TPCWM or the number of Shares successfully sold through TPCWM. This is a result of the fact that such fees are calculated based on the number of Shares outstanding, irrespective of the net asset value of the Company, and irrespective of when the outstanding Shares were sold and whether or not any such Shares were sold through TPCWM or any other dealer or seller that may be, or have been, paid fees or commissions in respect thereof. Based on the number of Shares outstanding as at February 29, 2024, the monthly fee that would be payable to TPCWM under the Dealer Services Agreement is approximately \$33,000.

ITEM 10. RISK FACTORS

Prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares in order 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, prospective 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 Company's business and the return to the Investors.

Investment Risk

Speculative Nature of Investment – The ownership of Shares involves a number of significant risk factors and is suitable only for Investors who are aware of the risks inherent in mortgage investments and the real estate industry, who have the ability and willingness to accept the risk of total loss of their invested capital and who have no immediate need for liquidity.

No Review by Regulatory Authorities – This Offering Memorandum will not have the benefit of a review of the material contained herein by any regulator or regulatory authority. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Shares.

No Market for the Shares – As no market for the Shares exists or will exist after this Offering, it may be difficult or impossible for a Shareholder to sell them. Accordingly, holding Shares should only be considered by investors who do not require liquidity.

Redemption of Shares – Shareholders may request a redemption of the Shares and the Company is obligated to honour such redemption requests of, at minimum 10% per annum of the total outstanding share capital of the Company at the beginning of the fiscal year. At minimum, if requested, 2.5% of the total outstanding share capital of the Company may be redeemed in each financial quarter without additional approval of the Directors. Any redemption requests beyond these limits shall not carry over to, nor have priority over any Shares of the Company tendered during, the next financial quarter or year.

In addition to these limits, the Company may not be in a position to redeem Shares if, for example, the redemption would render the Company insolvent or it could not otherwise meet the statutory test for redemptions, or it would cause the Company to fail to meet the requirements for a MIC under the Tax Act.

The redemption price for the Shares is determined by dividing the net asset value by the then issued and outstanding Shares. The net asset value can fluctuate and as a result the redemption price can also fluctuate. There is no guarantee as to what amount the Shares may be redeemed for.

Accordingly, the holders of the Shares have no assurance of their ability to redeem all of their Shares and receive the redemption amount in any given quarter or fiscal year, or of what price the redemption may occur at.

Redemption by Company – The Articles permit the Board of Directors to authorize a redemption of Shares from one or more Shareholders from time to time at a redemption price equal to the net asset value of the Company divided by the number of issued and outstanding Shares in accordance with the Articles. Such redemption by the Company does not require the consent of the Shareholder nor does the redemption need to be done on a pro-rata basis. There is no assurance that a Shareholder will not have his or her Shares redeemed in whole or in part from time to time, and there is no assurance that the redemption price will be equal to the subscription price paid for the Shares.

Return on Investment – There is no assurance that the Company will be able to achieve its investment objectives or be able to pay dividend distributions based on its dividend policy. Any funds available for distribution to holders of Shares will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Company's Mortgage portfolio and the realizable value of the Company's assets. There is no assurance the Company's Mortgage portfolio will earn any return. There is a risk that the Company will not be able to declare or pay dividends if it cannot meet the statutory test governing the declaration and payment of dividends. The dividends which investors may be entitled to receive are not cumulative and the directors of the Company have the sole discretion as to whether or not any such dividends are paid. Therefore, there is no guarantee that any dividends will be paid to the Shareholders. In addition, different dividends may be declared on different classes of Shares, to adjust for fees and other costs attributable to the sales channels relating to each Class of Shares.

Restriction on Transfer or Sale of Securities – The Shares are not traded on any stock exchange and there is no intent to list the Shares on a stock exchange. Therefore, Shareholders cannot easily liquidate their investment in Shares. The Shares are subject to an indefinite resale restriction and cannot be transferred or assigned, unless such transfer or assignment is made in reliance upon one of the limited prospectus exemptions available under NI45-106.

Profitability of the Mortgage Portfolio – There is a risk that the value of the Company's Mortgage portfolio and profits can be affected by a variety of factors, many of which are beyond the control of the Company. Some of these factors include, without limitation: current economic and political conditions and sentiment, changes in interest rates and government policies, events in financial markets, and financial conditions of the borrowers to which the Company has advanced funds, as well as pandemics such as the COVID-19 pandemic, natural disasters, war and other catastrophic events (natural or human-caused).

Dilution – The Company is authorized to issue an unlimited number of Shares and can also issue shares of other classes and series, and the directors have the sole discretion to issue additional Shares or other shares or series of shares. The proceeds of the Offering may not be sufficient to accomplish all of the Company's proposed objectives. In addition to alternate financing sources, the Company may conduct future offerings of Shares or other securities in order to raise the funds required which will result in a dilution of the interests of the holders of Shares.

Change in Tax Legislation – There is a risk that a change in the tax legislation could adversely affect a Shareholder's investment. Shareholders may hold their investment within registered plans such as RRSPs, RRIFs, TFSAs, RDSPs and RESPs ("**Registered Plans**"). While it is not currently anticipated the Tax Act as it pertains to such registered funds will change, there is always the possibility that it could be altered so the Shares would no longer be eligible investments for Registered Plans.

Risk of Dealing with Trustees – The Company will deal with trustees of Registered Plans as necessary, but the Company does not undertake any responsibility for the administration of any self-directed registered funds by such trustees. The trust company of a Shareholder's registered funds may impose conditions upon the Company with which the Company is unable or unwilling to comply. As a result, a Shareholder's trustee may refuse to allow the Shares to be an eligible investment for a Shareholder's registered fund.

Lack of Separate Legal Counsel – Investors have not been represented by separate counsel. Neither counsel for the Company nor counsel for the Manager purports to have acted for the Investors, or to have conducted any investigation or review on their behalf.

Securities Regulatory Risks – In the ordinary course of business, the Company may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of Securities Policies from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under Securities Policies. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the Securities Policies where the regulator considers it necessary to do so to protect investors or the public interest. While the Company believes that its position regarding compliance with Securities Policies is appropriate and supportable, it is possible that securities matters may be reviewed and challenged by the securities regulators. If such challenge were to succeed, it could have a material adverse effect on the Company. There can be no assurance that applicable Securities Policies or the securities regulators interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Company.

Company Risk

Higher Risk Loans – The Company will undertake higher risk loans than banks and, as a result, there is greater risk of default. Although the Company performs due diligence with respect to each mortgage loan and attempts to reduce the risk by diversification of its Mortgage portfolio, subject to its Lending Policies, defaults on loans may affect an investment in Shares and may materially adversely affect the Company.

Mortgage Ranking – Some of the Mortgages held by the Company are not first priority Mortgages. It is expected that the majority of the Company's Mortgages will be first priority Mortgages, however, there will be second priority or further subordinate priority Mortgages in the portfolio from time to time. While there is no assurance or guarantee that the principal amount of the loan plus interests and costs under a first priority

Mortgage can always be collected, the risk of collection is generally considered greater with second or further subordinate Mortgages.

Reliance on the Manager – According to the terms of the Management Agreement between the Company and the Manager, the Manager has significant responsibility for assisting the Company to conduct its affairs. The Company and its Shareholders are dependent in large part upon the experience, expertise and good faith of the Manager. Any inability of the Manager to perform competently or on a timely basis will negatively affect the Company. The operations of the Company and the Manager are highly dependent upon the continued support and participation of their key personnel, including, without limit, their directors. The loss of their services may materially affect the timing or the ability of the Company to implement its business plan.

When assessing the risks and rewards of an investment in Shares, the Shareholders are relying on the Manager to make appropriate decisions with respect to the management of the Company's business. Shareholders have no right to take part in the management of the Company and the Company will be bound by the decisions of the Manager.

If the Manager or the Board of Directors makes any improper distributions of dividends, the Shareholders might be deemed to be holding such distributions in trust for creditors who could recover the amount of such distributions from Shareholders. If the Company defaults on secured indebtedness, the lender will be entitled to exercise available legal and equitable remedies against the Company which could result in the loss of all of the property of the Company. The lenders under the Credit Facility are a secured creditor of the Company.

The Manager is not restricted from acting in a similar capacity for other MICs with similar or different investment policies to that of the Company or which compete with the Company. The Manager is contractually obligated pursuant to the terms of the Management Agreement to manage the affairs of the Company in a proper, prudent, and adequate fashion. There is no assurance the Manager will fairly allocate Mortgage investment opportunities to the Company. The Manager will continue to provide management services to Paradigm. The Manager is not at arm's length to the Company.

MIC Designation Under the Tax Act – The Company's Articles include certain provisions intended to help ensure that the Company qualifies as a MIC pursuant to the Tax Act. As well, the Company's Articles grant the directors the discretion to reject any applications for dividends or subscriptions, transfers, redemptions or retractions if, in the view of the directors, such act would result in the Company no longer qualifying as a MIC under the Tax Act. There can be no assurance, however, that the Company will be able to meet the Tax Act's MIC qualifications at all material times.

As a corporation carrying on business as a MIC, the Company 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 Company 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 Company fails to maintain its MIC qualification in a particular year, the dividends paid by the Company on the Shares would cease to be deductible from the income of the Company 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 Registered Plans, with the effect that a penalty tax would be payable by the shareholders.

Bank Borrowing – The Company may borrow funds. These borrowings may take the form of loans or lines of credit from banks and other lending institutions and promissory notes and other types of debt contracts with individuals, companies and other entities, as the case may be. It is probable that debt obtained by the Company from time to time will form part of a floating charge against the assets of the Company, and in the event of a wind-up, will rank in priority to the outstanding Shares. The Company has granted a security interest over its assets in favour of the lenders under the Credit Facility. As secured creditors, TD Bank and RBC currently share a priority over the Shareholders and all other creditors of the Company, other than government based super-creditors, such as Canada Revenue Agency.

Impaired Mortgages – There are mortgages in the Company's Mortgage portfolio which are currently impaired and other Mortgages may become impaired. This typically means that the Company does not anticipate being able to recover the full repayment of the loan and accrued interest. Such impaired

Mortgages may become work out loans or foreclosures. There are no assurances that the Company will be able to realize the repayment of any Mortgage loan and may need to take additional risks to maximize the recovery.

Working Capital – Until the Company can complete the Offering, it must rely on its cash flow from operations and advances from the Credit Facility to meet its working capital requirements. As there are no assurances that the Company can complete the Offering as planned, the Company may not have sufficient working capital to cover operational expenses. The proceeds of the Offering may not be sufficient to accomplish all of the Company's proposed objectives. In addition to alternate financing sources, the Company may be required to conduct future offerings of Shares or other securities in order to raise the funds it requires which will result in a dilution of the interests of the holders of Shares.

Conflicts of Interest – Conflicts of interest exist, and others may arise, between shareholders and the directors and officers of the Manager, the Company, TPCM, TPCWM, Paradigm and their respective associates and affiliates. The Company, the Manager, TPCWM, TPCM and Paradigm have, or will have, directors, officer and shareholders in common and therefore are not at arm's length and are considered to be related parties.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to Shareholders. Shareholders considering an investment in the Shares must rely on the judgment and good faith of the directors, officers and employees of the Manager, TPCWM, TPCM and the Company in resolving such conflicts of interest as they may arise from time to time. Conflicts of interest shall be governed by the provisions of the BCBCA, the policies and procedures of the Company, and the obligations of TPCWM, as a registrant, pursuant to Securities Policies.

The Manager is not in any way limited or affected in its ability to carry on business ventures for its own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses which compete with the Company. In addition, the Manager may establish in the future other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Company and may act as adviser or manager to such vehicles.

The Company and its Shareholders are wholly dependent upon the experience and good faith of the Manager. The Manager is entitled to and does act in a similar capacity for Paradigm while it is winding down operations. As such, there is a risk the Manager will not be able to originate sufficient suitable investment opportunities to keep the Company's funds fully invested. In addition, the directors and officers of the Manager may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Company, and other businesses or projects in which they may become involved.

The Company is a "connected issuer" of TPCWM as such terms are defined by National Instrument 33-105 *Underwriting Conflicts*, by virtue of TPCWM's role as an exempt market dealer engaged by the Company to sell the Shares offered hereunder and based on the fact that the Company and TPCWM have common directors and officers and based on the fact that both the Company and TPCWM are connected to the Manager. TPCWM is a "related issuer" to the Manager because all issued and outstanding voting shares of TPCWM are beneficially owned and controlled by the Manager. The Company is a connected issuer to the Manager because of common directors and officers. Consequently, conflicts of interest may arise in the event the interests of these companies are inconsistent, or as a result of the fact that the economic success of TPCWM is expected to be tied solely to the Company as its sole source of revenue. In addition, TPCWM will be considered a "captive dealer" as such term is defined by CSA Staff Notice 31-343 *Conflicts of Interest in Distributing Securities of Related or Connected Issuer*.

Leverage Risk – Taking on debt through the Credit Facility and any issuance of promissory notes from time to time will bring about a heightened level of risk due to the fact that the Company's income must be used to pay back this indebtedness even if its earnings or cash flows go down. A negative impact from the use of leverage could impact the Company's return on its investment in Mortgages as a consequence of the increased level of risk. Furthermore, the Company may apply portions of Available Funds that are not invested in Mortgage loans to temporarily reduce the debt and the related interest expense under the Credit Facility and then re-advance such funds upon acceptable Mortgage loans opportunities being identified. Should the lenders not renew their Credit Facility on August 2, 2024, the Company would lose access to a source of funds to make Mortgage loans from which it generates its earnings, including any Available Funds

that were temporarily applied against the Credit Facility. The Company anticipates that it will use the Credit Facility beyond the amount of any Available Funds from the Offering to invest in Mortgages.

The rights of Investors to dividends and the return of capital via redemption of Shares or through wind-up and dissolution will be subordinate to the right of the lenders under the Credit Facility and any other creditor of the Company.

Operational History – The Company has limited history of operations and there are no assurances that it can successfully carry out its business plan and lending strategies.

Economic Uncertainty – Starting in early 2020 there was a global outbreak of a new strain of coronavirus, COVID-19, which has adversely impacted global commercial activity and has contributed to volatility in financial markets. The pandemic continued into 2022 and the global impact of the outbreak continues to evolve. Repercussions of the pandemic has resulted in disruptions in global supply chains which adversely impact certain industries and businesses. Covid-19 has adversely affected economic and market conditions globally and it can be expected that some of these adverse effects may continue for an undetermined period of time which may result in a period of global economic slowdown and overall instability generally.

In 2023 the economy continued to fight inflation, high interest rates and cooling real estate values. The Bank of Canada increased the overnight interest rates 3 times in 2023, going from a rate of 4.25% to 5% by July 12, 2023 in order to curb high inflation rates.

Although the Bank of Canada's overnight lending rate does not directly impact the interest rate the Company charges on its Mortgage loans, it did result in an increase to mortgage interest rates paid on the Company's Credit Facility financing costs.

As the success of the Company depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental monetary policies, an economic slowdown or downturn, as well as other factors beyond the control of the Company, such as inflation, stagflation, unemployment, changes in interest rates and money supply may adversely affect the quality of the Company's Mortgage portfolio as well as loan demand, and therefore, the Company's earnings and financial condition generally. Because the Company's primary assets are Mortgages, decreases in real estate values could adversely affect the value of the underlying real estate related to those Mortgages and the ability to sell that property in the event of a foreclosure. Adverse changes in the economy may also have a negative effect on the ability of the Company's borrowers to make timely repayments of their Mortgage loans, which increases the likelihood of foreclosure proceedings, all of which would have an adverse impact on the Company's earnings. If during a period of reduced real estate values, the Company is required to liquidate any underlying real estate securing a Mortgage loan or increase its allowance for loan losses, it could materially reduce the Company's profitability and adversely affect its financial condition. The majority of the Company's Mortgage loans are to individuals in British Columbia and Ontario. Consequently, significant declines in the economy in British Columbia and Ontario could have a materially adverse effect on the Company's financial condition and results of operations.

As a result of uncertain economic outlooks on the Company's business, management expects that the Board of Directors will continue to monitor and reconsider the Company's current dividend policy and may take further action with respect to dividends, and may consider eliminating, suspending, or significantly reducing the dividends when and if more information regarding the effect of the virus becomes available.

Industry Risk

Competition – The ability of the Company to achieve income is dependent upon the Manager being able to identify and assemble an adequate supply of Mortgages. There is no assurance that this will occur. The investment industry in which the Company operates is subject to a wide variety of competition, some of whom have greater financial and technical resources than the Company. Such competition, as well as any future competition, may adversely affect the Company's success in the marketplace. Although the Company has a Mortgage portfolio, it currently has limited working capital and without raising additional capital under this Offering or otherwise, the Company's ability to compete in the alternative lending market will be limited.

Real Estate Development – There are also risks faced by the Company due to the industry in which it operates. Real estate investment is subject to significant uncertainties due to, among other factors, uncertain costs of construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns associated with the Company's Mortgages reflect the greater risks involved in making the types of loans it makes as compared to long-term conventional mortgages provided by conventional institutional lenders. Inherent in these loans are completion risks as well as financing risks.

Yield – The profitability of the Company will be dependent on both general and local economic conditions and will be affected by fluctuations in the rate of economic growth and the rate of expansion of the real estate market in the target areas the Company intends to lend. The yield on real estate investments, including Mortgages, depends on many factors such as prevailing interest rates, the level of risk assumed, conditions in the real estate industry, market fluctuations, legislation, government regulation and taxes. The Company cannot predict the effect that such factors will have on its operations.

Higher Risk Mortgage Loans – The potential higher returns associated with the mortgage loans reflect the greater risks associated with the mortgage loans as compared to long-term conventional mortgage loans. Such greater risks include the delay or non-completion of construction of a borrower's project, the inability of a borrower to obtain necessary additional financing, and adverse changes in interest rates and the financial markets.

Priority – Financial charges for financing funded by other lenders, such as conventional third party lenders, may rank in priority to the Mortgages registered in favour of the Company. In the event of default by the mortgagor under any prior financial charge, the Company may not recover under foreclosure proceedings, any or all of the monies advanced. As a result, second or subordinate priority Mortgages taken by the Company to secure mortgage loans carry a higher risk than first priority Mortgages on the same properties. Notwithstanding that first priority Mortgages generally have a lower risk than a second or subordinate priority Mortgage, there are no assurances that the Company will in all cases be able to collect the entire amount of principal, interest and costs due under a first priority Mortgage loan.

Risks Associated with Foreclosure – In the event of default by a borrower, it may be necessary or prudent for the Company to engage in foreclosure or other legal proceedings to sell the defaulting borrower's property or to make further payments to complete an unfinished project (including additional costs of a receiver), or to pay off or maintain prior Mortgages in good standing. In those cases, it is possible that the total amount recovered by the Company may be less than the total principal invested, resulting in loss to the Company. As a result of foreclosure, the Company may own real property, which can result in costs such as, among others, real estate fees, property taxes, strata/condo fees and legal fees, as well as environmental liabilities, which could adversely affect the Company's income. In a foreclosure the Mortgage is no longer performing and the Company loses its interest income stream and until the property can be sold, the capital is tied up in the property without any income being earned. If the foreclosure is on a second Mortgage, the Company may determine it is in the best interests to assume the first Mortgage and begin paying mortgage payments on the first Mortgage, which further impacts the Company's cash flow and ability to invest its cash in performing Mortgages or pay dividends or redeem shares. There are no assurances that a sale of foreclosed property will provide sufficient proceeds to cover the Company's principal loan amount or accrued interest. The likelihood of this occurring is increased where the Company's Mortgage does not have a first priority.

In the event the Company takes title to a property in the foreclosure process, the provisions of the Tax Act prohibit a MIC from managing or improving the property. These restrictions prevent a MIC from renting the property until it can be sold and limit the amount of maintenance a MIC can perform on the property to prepare it for sale. These limitations can impact the MIC's potential revenues and negatively impact the sale price of foreclosed properties.

Property Values – Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Real property value is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants, competition from other available properties and other factors. The real property that the Company's Mortgages will be secured against is subject to fluctuations in value. Negative fluctuation can materially increase the Company's risk with its subordinate Mortgages or higher LTV ratio Mortgages. Real property mortgage investments tend to be relatively illiquid, with the

degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of the investment.

Financial Crisis – In the event of financial crisis, real estate markets in Canada may be adversely impacted resulting in a loss of property value, defaulted loans, and increased unemployment. This could cause the Company to have less opportunity to lend funds, increase the number of impaired loans and foreclosures and could jeopardize the security in the real property underlying the Mortgages. It could also cause the Company to hold foreclosed property for an increased length of time causing increased expenses or selling the properties at significant losses to avoid such ongoing expenses. Overall, this could result in decreased revenues and increased costs which would impact the ability of the Company to make a profit, declare and distribute dividends and operate as a going concern.

General Risks of Mortgage Investments – There are certain risks inherent in mortgage lending over which neither the Company nor the Manager has any control. These risks include abnormal fluctuations in interest rates, the general state of the economy, and falling real estate values. The Company's business is to provide loans to borrowers who may not qualify for financing from conventional lenders. Accordingly, the risk of late payment or default of these loans may be high.

High Loan Ratios – When the Company is granted a Mortgage by the borrower, the ratio of the loan amount to the value of real property encumbered by the Mortgage (that is, the LTV) may be higher than a traditional mortgage lender would approve. The Company has established target LTV ratios for the various types of mortgage loans it may make under its Lending Policies. The Lending Policies are reviewed annually by the Board of Directors and are subject to change. The Company will advise Shareholders of any material changes in its Lending Policies.

Workout Loans – Notwithstanding the high ratio loans and established LTV ratio targets, Workout Loans that the Company enters into will have LTV ratios higher than those set out in its Lending Policies, which will increase the risk of the loan.

Potential Environmental Liability – Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws in the jurisdictions that the Company expects to carry on business, the Company could become liable for the costs of removal, remediation and/or management of certain hazardous or toxic substances released on, from or in one or more of the properties in respect of which mortgage loans are made.

Insurance – The structures located on properties securing the Company's mortgage loans will usually be insured, in whole or in part, by the borrower's household insurance, and the Company does currently have a blanket mortgage impairment policy. However, there are certain inherent risks in mortgage investment and the real estate industry, some of which the Company may not be able to insure against or which the Company may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted.

Fraudulent Activities – All MICs are subject to mortgage fraud including, among others, from borrowers misrepresenting their financial position and earnings potential. Controls such as title insurance, underwriting criteria, due diligence procedures, appraisals and the use of outside consultants are used to minimize such types of mortgage fraud. Notwithstanding such controls, there can be no guarantee that the Company will not be the victim of a mortgage fraud.

ITEM 11. REPORTING OBLIGATIONS

11.1 Corporate

The Company is not, and currently has no intention of becoming a "reporting issuer" in any jurisdiction in Canada or the United States. As a result, **the Company will not be subject to the continuous disclosure requirements under Securities Policies and is not required to send you any documents on an annual or ongoing basis.**

In accordance with the BCBCA, the Shareholders are entitled to receive audited annual financial statements under the BCBCA. In accordance with the Articles, as the Shares are voting common shares of the

Company, all Shareholders are given notice of and entitled to attend general meetings of Shareholders and vote their Shares in person or by proxy.

In Alberta, Saskatchewan, Ontario, Nova Scotia, and New Brunswick, pursuant Section 2.9 of NI45-106, the Company must file with or deliver to the securities regulator annual audited financial statements and make such financial statements reasonably available to Shareholders resident in Alberta, Saskatchewan, Ontario, Nova Scotia and New Brunswick within 120 days of each of its financial years. Such financial statements must be in the form prescribed by Section 2.9 of NI45-106. The financial statements shall also be accompanied by a Notice of Use of Proceeds from the Company disclosing in reasonable detail the use of aggregate gross proceeds raised under the Offering in accordance with Form 45-106F16 unless the Company has previously made such disclosure. This disclosure is required to be made by the Company until it either becomes a reporting issuer in any jurisdiction in Canada or it ceases to carry on business.

If the Company decides to change its financial year end by more than 14 days, in compliance with Section 2.9 of NI45-106, the Company shall deliver a notice to the securities regulator within the required timeframe and make such notice reasonably available to Shareholders resident in Alberta, New Brunswick, Saskatchewan, Ontario. It must make such notice reasonably available to shareholders in Nova Scotia.

The Company must make reasonably available to Shareholders resident in New Brunswick, Nova Scotia, and Ontario a notice of each of the following events in accordance with Form 45-106F17, within 10 days of the occurrence of such events:

- a discontinuation of the Company's business;
- a change in the Company's industry; or
- a change of control of the Company.

The Company will provide to each Shareholder quarterly statements reflecting their investment in the Company showing Shares held as well as Company information including total value of mortgages held by the Company.

Shareholders holding their Shares outside of Registered Plans will also receive yearly T5 tax information slips for investment income received.

11.2 Availability of Information

Corporate or securities information about the Company is generally not available from any government, regulatory authority, stock exchange or quotation and trade reporting system. Certain information regarding the Company distribution of securities from time to time may be publicly available at the offices of applicable securities regulatory authorities and online at sedarplus.ca. As well, the website of the BC Financial Services Authority (BCFSA) contains some relevant information.

Information is available about the Company on our website or from us at the phone and fax numbers and e-mail address which are set out on the front cover of this Offering Memorandum.

ITEM 12. RESALE RESTRICTIONS

12.1 Restricted Period

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan and Yukon, **unless permitted under securities legislation, you cannot trade the Shares before the date that is four months and a day after the date the Company becomes a reporting issuer in any province or territory of Canada.**

The Company is not, and has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore the Shares will be subject to an indefinite hold period. The Shares may only be transferred under limited exemptions under applicable securities laws. There is no market in which the Shares can be transferred, and it is very unlikely that one will develop. An Investor is encouraged to seek independent advice from its legal advisors.

12.2 Manitoba Resale Restrictions

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless: (a) the Company has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

12.3 Transfer Restrictions in Articles

The Articles of the Company will not permit the registration of a transfer of shares of the Company unless: (i) a duly signed instrument of transfer has been received; (ii) the applicable share certificate for the shares being transferred is surrendered; and (iii) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, such acknowledgement has been surrendered. Also, the Company's Board of Directors intends to refuse registration of any transfer of Shares which would result in the Company ceasing to meet the qualifications of a MIC.

ITEM 13. PURCHASER'S RIGHTS

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

13.1 Two Day Cancellation Right

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

13.2 Statutory Rights of Action in the Event of a Misrepresentation

The following is a summary of the rights of rescission and damages, available to Investors under the securities legislation of certain provinces of Canada. Investors should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of rights available to them or consult with a legal adviser. The rights described below are in addition to and without derogation from any other rights or remedies available at law to an Investor.

13.2.1 Investors in British Columbia, Alberta, Manitoba, Prince Edward Island, Newfoundland and Labrador, the Yukon, the Northwest Territories, Nunavut and New Brunswick

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, investors in British Columbia, Alberta, Manitoba, Prince Edward Island, Newfoundland and Labrador, the Yukon, the Northwest Territories, Nunavut and New Brunswick have a statutory right of action:

- (a) for rescission or cancellation against the Company (or, in Prince Edward Island, the Yukon, the Northwest Territories, Nunavut and New Brunswick, a selling security holder on whose behalf the distribution is made), or
- (b) for damages against the Company (and, in the case Prince Edward Island, the Northwest Territories, Nunavut and New Brunswick, the selling security holder on whose behalf the distribution is made), every person who was a director of the Company at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Shares as a result of the misrepresentation. Further, the amount recoverable in an action for damages will not exceed the price at which the Shares were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Shares.

13.2.2 Investors in Saskatchewan

If this Offering Memorandum together with any amendment hereto or advertising or sales literature used in connection therewith delivered to an Investor resident in Saskatchewan contains a misrepresentation, you have, without regard to whether the Investor relied on the misrepresentation, a right of action for

- (a) rescission against the Company or selling security holder on whose behalf the distribution was made; or
- (b) damages against (i) the Company or a selling security holder on whose behalf the distribution is made, (ii) every promoter and director of the Company, or the selling security holder, as the case may be, at the time this Offering Memorandum was sent or delivered, (iii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions, or statements that have been made by them, (iv) every person who or company that signed this Offering Memorandum or any amendment to it, and (v) every person who or company that sells the Shares on behalf of the Company or selling security holder under this Offering Memorandum or amendment to it.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Shares as a result of the misrepresentation. Further, the amount recoverable in an action for damages will not exceed the price at which the Shares were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Shares. In addition, a person or company is not liable in an action for a misrepresentation in forward looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to that information:
 - (i) reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward looking information.

13.2.3 Investors in Ontario

If this Offering Memorandum contains a misrepresentation Investors in Ontario who purchase a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) a right of action for damages against the Company and a selling security holder on whose behalf the distribution is made; and
- (b) a right of rescission against the Company or a selling security holder on whose behalf the distribution is made. if the Investor elects to exercise the right of rescission, the Investor will have no right of action for damages against the Company.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Shares as a result of the misrepresentation. Further, the amount recoverable in an action for damages will not exceed the price at which the Shares were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Shares. In addition, a person or

company is not liable in an action for a misrepresentation in forward looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to that information:
 - (i) reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward looking information.

13.2.4 Investors in Nova Scotia

If there is a misrepresentation in this Offering Memorandum investors in Nova Scotia have a statutory right of action:

- (i) for rescission or cancellation to buy Shares with the seller, or
- (ii) for damages against the seller, every director of the seller at the date of this Offering Memorandum and every person who has signed this Offering Memorandum;

This statutory right to sue is available to the Investor whether or not the Investor relied on the misrepresentation. However, there are various defenses available to the persons or companies that the Investor has a right to sue. In particular, they have a defense if the Investor knew of the misrepresentation when they purchased the Shares.

13.3 Time Limitations

If you intend to rely on the statutory rights described above, you must do so within strict time limitations.

In British Columbia, Alberta, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut, Nova Scotia and Ontario you must commence your action to rescind the agreement within 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of an action for damages, within the earlier of:

- (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, or
- (ii) three years after the date of the transaction that gave rise to the cause of action.

Notwithstanding the foregoing, in Nova Scotia no action shall be commenced to enforce the rights to rescission and damages, as created by Section 138 of the *Securities Act* (Nova Scotia) more than 120 days after the date on which payment was made for the Shares or after the date on which the initial payment for the Shares was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

In Manitoba, you must commence your action to rescind your agreement within 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of an action for damages, within the earlier of:

- (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, or
- (ii) two years after the date of the transaction that gave rise to the cause of action.

In New Brunswick and Saskatchewan, you must commence your action to cancel your agreement within 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of an action for damages, within the earlier of:

- (i) one year after you first had knowledge of the facts giving rise to the cause of action, or
- (ii) six years after the date of the transaction that gave rise to the cause of action.

13.4 Cautionary statement regarding report, statement or opinion by expert

This Offering Memorandum includes a summary prepared by Grant Thornton LLP of the principal Canadian federal income tax considerations under the *Income Tax Act*. You do not have a statutory right of action against Grant Thornton LLP for a misrepresentation in the Offering Memorandum. You should consult a legal adviser for further information.

13.5 General

The securities laws of the provinces and territories are complex. Reference should be made to the full text of the provisions summarized above relating to rights of action. In addition, the statutory rights of action in all such jurisdictions are in many cases subject to more defences as more particularly described in the securities legislation applicable to each such jurisdiction.

ITEM 14. FINANCIAL STATEMENTS

The following are audited financial statements of the Company for the fiscal period ended December 31, 2023 and December 31, 2022.



Financial Statements

Three Point Capital Corp.

December 31, 2023

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Independent Auditor's Report

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To the shareholders of
Three Point Capital Corp.

Opinion

We have audited the financial statements of Three Point Capital Corp. ("the Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of net income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Three Point Capital Corp. as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kelowna, Canada
March 1, 2024

Grant Thornton LLP

Chartered Professional Accountants

Three Point Capital Corp. Statement of Financial Position

December 31

2023

2022

Assets

| | | |
|-------------------------------|--------------------|--------------------|
| Prepaid expenses | \$ 187,349 | \$ 215,068 |
| Mortgages receivable (Note 5) | <u>202,477,294</u> | <u>181,102,955</u> |
| | <u>202,664,643</u> | <u>181,318,023</u> |

Liabilities

| | | |
|----------------------------------|-------------------|-------------------|
| Bank indebtedness (Note 7) | 67,300,810 | 60,309,386 |
| Payables and accruals | 500,817 | 435,910 |
| Promissory note payable (Note 8) | 1,871,782 | 1,430,915 |
| Dividends payable | 2,425,742 | 703,171 |
| Unearned revenue | <u>280,954</u> | <u>261,035</u> |
| | <u>72,380,105</u> | <u>63,140,417</u> |

Shareholders' equity

| | | |
|------------------------|-----------------------|-----------------------|
| Share capital (Note 9) | 129,219,635 | 117,248,060 |
| Retained earnings | <u>1,064,903</u> | <u>929,546</u> |
| | <u>130,284,538</u> | <u>118,177,606</u> |
| | <u>\$ 202,664,643</u> | <u>\$ 181,318,023</u> |


Commitment (Note 12)

Post-reporting date events (Note 15)

On behalf of the Board



Director



Director

Three Point Capital Corp. Statement of Net Income and Comprehensive Income

Year ended December 31

2023

2022

Financial income

| | | |
|---------------------------|-------------------|-------------------|
| Mortgage interest | \$ 16,949,620 | \$ 11,807,705 |
| Lender fees and penalties | 1,580,025 | 1,284,294 |
| Miscellaneous revenue | 23,432 | - |
| | 18,553,077 | 13,091,999 |

Expenses

| | | |
|--------------------------------------|------------------|------------------|
| Dealer services fees (Note 11) | 367,088 | 335,324 |
| Directors' fees | 40,536 | 40,513 |
| Interest and bank charges | 4,345,766 | 2,588,059 |
| Licences and insurance | 47,474 | 40,036 |
| Management fees (Note 11) | 3,485,778 | 3,218,179 |
| Office and administration | - | 12,502 |
| Professional fees | 53,394 | 31,272 |
| Provision for credit losses (Note 6) | 220,886 | 116,329 |
| Share trustee fees | - | 945 |
| | 8,560,922 | 6,383,159 |

| | | |
|-------------------------------------|---------------------|---------------------|
| Net income and comprehensive income | \$ 9,992,155 | \$ 6,708,840 |
|-------------------------------------|---------------------|---------------------|

Three Point Capital Corp, Statement of Changes in Shareholders' Equity

December 31, 2023

| | Share capital | Retained earnings | Total |
|--------------------------------------|-----------------------|---------------------|-----------------------|
| Balance on December 31, 2021 | \$ 100,808,942 | \$ 718,562 | \$ 101,527,504 |
| Net income and comprehensive income | - | 6,708,840 | 6,708,840 |
| Dividends (Note 10) | - | (6,497,856) | (6,497,856) |
| Issuance of share capital: | | | |
| Dividends reinvested by shareholders | 5,028,216 | - | 5,028,216 |
| For cash consideration | 15,473,737 | - | 15,473,737 |
| Redemption of share capital | (4,018,062) | - | (4,018,062) |
| Share issuance costs | (44,773) | - | (44,773) |
| Balance on December 31, 2022 | \$ 117,248,060 | \$ 929,546 | \$ 118,177,606 |
| Net income and comprehensive income | - | 9,992,155 | 9,992,155 |
| Dividends (Note 10) | - | (9,856,798) | (9,856,798) |
| Issuance of share capital: | | | |
| Dividends reinvested by shareholders | 6,061,186 | - | 6,061,186 |
| For cash consideration | 12,025,466 | - | 12,025,466 |
| Redemption of share capital | (6,058,898) | - | (6,058,898) |
| Share issuance costs | (56,179) | - | (56,179) |
| Balance on December 31, 2023 | \$ 129,219,635 | \$ 1,064,903 | \$ 130,284,538 |

Three Point Capital Corp.

Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

| | <u>2023</u> | <u>2022</u> |
|--|------------------------|------------------------|
| Operating activities | | |
| Net income and comprehensive income | \$ 9,992,155 | \$ 6,708,840 |
| Adjustments for non-cash items | | |
| Provision for credit losses | 220,886 | 116,329 |
| Changes in non-cash operating working capital | | |
| Accounts receivable | - | 74,878 |
| Payables and accruals | 64,908 | 128,715 |
| Unearned revenue | 19,919 | 261,035 |
| Prepaid expenses | 27,719 | (178,219) |
| | <u>10,325,587</u> | <u>7,111,578</u> |
| Financing activities | | |
| Issuance of share capital, net of issuance costs | 11,969,287 | 15,428,964 |
| Redemption of share capital | (6,058,898) | (4,018,062) |
| Dividends paid | (2,073,041) | (1,658,257) |
| Proceeds from promissory notes payable, net | 440,868 | 979,070 |
| | <u>4,278,216</u> | <u>10,731,715</u> |
| Investing activities | | |
| Mortgages receivable, net | (21,595,227) | (45,098,378) |
| Net increase in bank indebtedness | <u>(6,991,424)</u> | <u>(27,255,084)</u> |
| Bank indebtedness, beginning of year | <u>(60,309,386)</u> | <u>(33,054,302)</u> |
| Bank indebtedness, end of year | <u>\$ (67,300,810)</u> | <u>\$ (60,309,386)</u> |
| Supplemental cash flow information | | |
| Issuance of share capital in settlement of dividends payable | \$ 6,061,186 | \$ 5,028,216 |

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

1. Governing legislation and nature of operations

Three Point Capital Corp. ("the Company") is incorporated under the Companies Act of British Columbia and operates as a mortgage lender primarily in Western Canada and Ontario. The Company is restricted to the guidelines of a Mortgage Investment Corporation, as defined by Section 130.1(6) of the Income Tax Act of Canada. The Company's head office is located at 210 - 1980 Cooper Road, Kelowna, Canada.

These financial statements have been approved and authorized for issue by the Board of Directors on March 1, 2024.

2. Summary of presentation and statement of compliance

Basis of presentation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The Company's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Material accounting policy information

Financial instruments

Recognition and derecognition

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component, which are measured at their transaction price, all financial assets are initially measured at fair value. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVTPL").

In the periods presented, the Company does not have any financial assets categorized as FVOCI or FVTPL.

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

3. Material accounting policy information *(continued)*

Financial instruments *(continued)*

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. The Company's mortgages receivable and receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment standards require the use of forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include all financial assets measured at amortized cost.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

3. Material accounting policy information *(continued)*

Financial instruments *(continued)*

Classification and measurement of financial liabilities

The Company's financial liabilities include bank indebtedness, loan payable, payables and accruals, promissory note payable and dividends payable.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Bad debts written off

Bad debts are written off from time to time as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the allowance for impaired mortgages receivable, if a Stage 2 or Stage 3 allowance for impaired mortgages receivable had previously been recognized. If no allowance had been recognized, the write offs are recognized as expenses in net income and comprehensive income.

Share capital – Classification of Class A redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation;
- The redeemable shares are in the class of instruments that is subordinate to all other classes of instruments;
- All redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Company's net assets; and
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Company over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Company must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Company; and
- The effect of the substantially restricting or fixing the residual return to the redeemable shareholders.

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

3. Material accounting policy information *(continued)*

Share capital – Classification of Class A redeemable shares *(continued)*

The Company continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Company will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Company will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

Upon the issuance of shares, the consideration received is included in equity. Transaction costs incurred by the Company in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Redeemable equity instruments reacquired by the Company and returned to treasury are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. No gain or loss is recognized in the Statement of Net Income and Comprehensive Income on the purchase, issuance or cancellation of the Company's own redeemable equity instruments.

Revenue recognition

Revenue arises mainly from interest and fees earned on mortgages receivable.

The accounting treatment for mortgage origination and renewal fees varies depending on the transaction. Significant fees that would result in an adjustment to the overall mortgage yield are capitalized and amortized using the effective interest method. Otherwise, fees are recognized in net income when earned. Mortgage prepayment fees and interest penalties are recognized in net income when received.

Standards, amendments and Interpretations not yet effective

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

4. Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The effect of a change in an accounting estimate is recognized prospectively by including it in net income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Allowance for impaired mortgages

See Notes 5 and 6 for information regarding the allowance for impaired mortgages.

5. Mortgages receivable

| | <u>2023</u> | <u>#</u> | <u>2022</u> | <u>#</u> |
|---|-----------------------|------------|-----------------------|-----------|
| Residential mortgages | | | | |
| Residential 1st mortgages | \$ 187,750,567 | 370 | \$ 167,777,898 | 355 |
| Residential 2nd mortgages | <u>15,733,525</u> | <u>105</u> | <u>14,114,206</u> | <u>92</u> |
| | 203,484,092 | 475 | 181,892,104 | 447 |
| Allowance for impaired mortgages (Note 6) | <u>(1,006,798)</u> | | <u>(789,149)</u> | |
| | \$ 202,477,294 | | \$ 181,102,955 | |

Terms and conditions

Mortgages have a fixed rate of interest with varying maturity dates from one to two years.

The interest rates offered on fixed rate loans advanced at December 31, 2023 range from 5.95% to 13.95% (2022 – 4.35% to 13.10%).

Residential mortgages are mortgages secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only.

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

5. Mortgages receivable *(continued)*

Average yields to maturity

Mortgages bear interest at fixed rates with the following average yields at:

| | <u>2023</u> | | <u>2022</u> | |
|--|-----------------------|--------------|-----------------------|--------------|
| | <u>Principal</u> | <u>Yield</u> | <u>Principal</u> | <u>Yield</u> |
| Fixed rate due less than one year | \$ 188,457,160 | 10.13% | \$ 181,272,155 | 7.99% |
| Fixed rate due between one and two years | 15,026,932 | 9.88% | 619,949 | 7.61% |
| | <u>\$ 203,484,092</u> | | <u>\$ 181,892,104</u> | |

Credit quality of loans

It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. All mortgages within the mortgages receivable portfolio are secured by real property.

Fair value

The fair value of mortgages receivable at December 31, 2023 was \$202,477,294 (2022 – \$181,102,955).

The estimated fair value of the fixed rate mortgages is assumed to be equal to book value as the majority of the mortgages receivable mature within one year.

Guarantee

There are no guaranteed mortgages as of December 31, 2023.

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

6. Allowance for impaired mortgages

The Company classifies a mortgage as impaired when one or more loss events have occurred, such as bankruptcy, default or delinquency. Mortgages are in default when the borrower is at least one day past due on payments towards the mortgage. However, generally, mortgages are classified as delinquent when payment is contractually 35 days past due or another event of default has been noted, such as a missed deadline for providing documentation or a deterioration in communication with the borrower. Generally, mortgages are classified as impaired when they have already been identified as delinquent, and there are impending losses expected upon final resolution of the mortgage.

For the purpose of measuring the amount to be written off, the determination of the recoverable amount includes an estimate of future recoveries.

A mortgage will be reclassified to performing status when the Company determines that there is reasonable assurance of full and timely repayment of interest and principal in accordance with the terms and conditions of the mortgage, and that none of the criteria for classification of the mortgage as impaired continue to apply.

Once a mortgage is identified as impaired, the Company continues to recognize interest income based on the original effective interest rate on the mortgage amount net of its related allowance. In the periods following the recognition of impairment, adjustments to the allowance for these mortgages reflecting the time value of money are recognized and presented as interest income.

Total allowance for impaired mortgages as at December 31, 2023:

| | 2023 | | | |
|-----------------------------|---------------|---------------|------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Mortgages | | | | |
| Allowance for credit losses | \$ 511,614 | \$ 394,184 | \$ 101,000 | \$ 1,006,798 |
| Carrying amount | \$186,960,973 | \$ 15,820,657 | \$ 702,462 | \$ 203,484,092 |

The following table shows the continuity in the allowance for impaired mortgages for the year:

| | January 1, 2023 Beginning balance | Write-offs | Provisions (recoveries) | December 31, 2023 Ending balance |
|---|--|------------|----------------------------|---|
| Mortgages | | | | |
| Stage 1 | \$ 533,533 | \$ - | \$ (21,919) | \$ 511,614 |
| Stage 2 | 219,616 | - | 174,568 | 394,184 |
| Stage 3 | 36,000 | (3,237) | 68,237 | 101,000 |
| Total provision | \$ 789,149 | \$ (3,237) | \$ 220,886 | \$ 1,006,798 |
| Percentage of total mortgages and accrued interest | <u>0.43%</u> | | | <u>0.49%</u> |

In addition to the adjustments to the above noted provisions, during the year \$3,237 was directly written off to the provision for credit losses (2022 – \$322).

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

6. Allowance for impaired mortgages *(continued)*

Key inputs and assumptions

The measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions. The key drivers of changes in the expected credit losses include the following:

Probability of default ("PD")

Probability of default is a forward-looking estimate of the realized default rate over either a 12-month or lifetime time horizon. It determines the probability a financial asset will default over the period considered.

The PD of the portfolio is based on the Company's historical default data, in addition to forward-looking data indicating relative economic strengths and weaknesses in particular geographic areas in which the Company lends.

Exposure at default ("EAD")

EAD is a forward-looking estimate of the realized EAD. It determines the proportion of a mortgage that will be in default if the account defaults over its expected remaining lifetime. These inputs include:

- The current outstanding balance of the mortgage at the reporting date;
- The payment amounts, assumed to be constant; and
- The interest rate paid per payment period.

The EAD for an amortizing mortgage decreases as payments are received. For mortgages that are only required to pay principal and interest by the end of the project or at other non-constant intervals, the EAD is assumed to be the outstanding balance at the reporting date.

For all mortgages, the assumptions are to be provided by the Company.

Loss given default ("LGD")

LGD is the proportion of the defaulted balance that is considered an accounting loss following a recovery period. Accounts that are not in default as at an observation point, but subsequently default within a given time horizon, are used to develop LGD estimates for non-defaulted exposures.

12-month LGD only considers losses related to default events that occur in the 12-month time horizon following the observation date. For lifetime, LGD is estimated over the subsequent 12-month time horizons.

Estimating the LGD requires:

- Estimating the exposure at default, which is done as noted above; and
- Estimating the net proceeds from the liquidation of the property.

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

6. Allowance for impaired mortgages *(continued)*

Key inputs and assumptions *(continued)*

Loss given default ("LGD") (continued)

For residential mortgages, estimating the net proceeds from the liquidation of the property considers the following:

- The value of the property at its last valuation date;
- The type and use of property – single family, multi-family, condo, or other;
- The average regional property value; and
- The expected costs to liquidate the property, including commissions, legal, and others.

The recovered amount of uncollateralized exposure is calculated using the Company's historical mortgage loss percentages for each category of mortgages within the portfolio

Staging

Changes in staging occur when there has been an increase in credit risk of a mortgage since its origination. This may include various types of loss events, such as bankruptcy, default or delinquency. This may also include other external indicators of potential loss on mortgages within a certain geographic area or other non-mortgage specific indicators.

- In addition, the portfolio is assessed to determine if there are further concerns about specific mortgages which are currently not delinquent but are deemed impaired due to individual circumstances with the borrower or underlying security.
- The Company's expected credit loss model takes into account the probability of default and assumed loss given default on residential mortgages based on the historical portfolio to determine the present value of 12 month expected credit losses.

Lifetime

The lifetime of a residential mortgage is based on the contractual term of the mortgage.

Forward-looking information

The Company's expected credit loss model takes into consideration forward-looking information as follows:

- Residential mortgage LGD – Collateral value adjustments based on local and regional economic factors.
 - Residential mortgage PD and LGD – Relationships with macroeconomic drivers such as interest rates, banking and other financial institution regulations, and economic indicators.
-

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

7. Bank indebtedness

The Company has a syndicated demand credit facility with The Toronto-Dominion Bank and the Royal Bank of Canada for an authorized amount totalling \$90,000,000 (2022 – \$80,000,000). The facility matures on August 2, 2024, with an option for renewal. Under the facility agreement, the Company could either borrow demand loans at bank prime rate plus 0.75%, use CORRA term loans at the market determined rate plus a stamping fee of 2.00% per annum or draw down on a swing line facility at bank prime rate plus 0.75% plus a standby fee of 0.35% on unused funds. As at December 31, 2023, the outstanding swing line facility balance is \$6,127,392 (2022 – \$6,168,232), excluding outstanding cheques and deposits in transit, at an effective interest rate of prime plus 0.75%, 7.95% (2022 – 7.20%) with outstanding CORRA term loans of \$61,000,000 (2022 – \$51,000,000) at a stamping fee at 2.00% per annum, and an outstanding demand loan of \$Nil (2022 - \$3,000,000) at an effective interest rate of prime plus 0.75%, 7.95% (2022 – 7.20%).

As security for the bank indebtedness, the Company has provided the following:

- a general security agreement
- an assignment of certain mortgages

Under the Company's bank credit facilities, the Company is required to comply with certain financial covenants including a borrowing base condition, a quarterly debt to tangible net worth requirement, a quarterly interest coverage requirement and minimum tangible net worth of \$120,000,000. At December 31, 2023, the Company is in compliance with these covenants.

8. Promissory note payable

Demand promissory notes payable to various shareholders are unsecured, payable on demand and TD bank prime rate which at year-end was 7.20% (2022 - 6.45%)

9. Share capital

Authorized

| | |
|-----------|--|
| Unlimited | Class A voting common shares with a par value of \$1 |
| Unlimited | Class B-F voting common shares with no par value |

Issued

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| 130,398,339 Class A shares (2022 – 118,370,586) | <u>\$ 129,219,635</u> | <u>\$ 117,248,060</u> |

Cumulative share issuance costs of \$ 1,178,704 (2022 – \$1,122,526) have been deducted from Class A shares.

All shares are equally eligible to receive dividends and the repayment of capital and each represents one vote at the shareholders meeting.

During the year, 12,025,466 (2022 – 15,473,737) Class A common voting shares were issued for consideration of \$ 12,025,466 (2022 – \$15,473,737); 6,061,186 (2022 – 5,028,216) Class A common voting shares were issued in settlement of dividends payable in the amount of \$ 6,061,186 (2022 – \$5,028,216); 6,058,898 (2022 – 4,018,062) Class A common voting shares were redeemed by the Company for cash consideration of \$ 6,058,898 (2022 – \$4,018,062).

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

10. Amount available for dividend distribution

The Company follows the practice of declaring dividends at the end of the fiscal year in an amount at least sufficient to remain non-taxable under the provisions of the Canadian Income Tax Act related to Mortgage Investment Corporations. The following table reconciles the amount of dividends declared under the Income Tax Act provisions:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Net and comprehensive income | \$ 9,992,155 | \$ 6,708,840 |
| Less: share issuance costs deductible for tax purposes | <u>(135,357)</u> | <u>(210,984)</u> |
| Dividends declared | <u>\$ 9,856,798</u> | <u>\$ 6,497,856</u> |

11. Related party transactions

The Company's related parties, which are defined by IAS 24 *Related Party Disclosures*, include:

- Paradigm Mortgage Investment Corp. ("Paradigm"), a company under common control;
- Three Point Capital Management Corp., a company under common management control;
- Three Point Capital Wealth Management Inc., a company under common management control; and
- Key management and their immediate family, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received, except as disclosed in Note 5. Outstanding balances noted below are unsecured and usually settled in cash.

The Company entered into the following transactions with the above noted related parties:

The Company has entered into a management agreement to receive mortgage origination, marketing, and administrative services from Three Point Capital Management Corp. The management fee related to these services is based on the balance of the net mortgages receivable. Management fees incurred during the year were \$3,485,778 (2022 – \$3,128,179) with management and other fees payable of \$355,145 (2022 – \$311,353) included in payables and accruals. Directly attributable share issuance costs, including share administration and commissions, incurred and deducted from share capital during the year were \$25,793 (2022 – \$28,560).

The Company has entered into a dealer services agreement to receive investment and capital management services from Three Point Capital Wealth Management Inc. The dealer services fees related to these services is based on outstanding share capital. Dealer services fees incurred during the year were \$367,088 (2022 – \$335,324).

As at December 31, 2023, key management personnel, directors, and their immediate family held 23,535,165 (2022 – 21,954,833) Class A shares of the Company.

12. Commitment

In the normal course of business and as at December 31, 2023, the Company has committed and approved mortgages of \$7,050,350 (2022 – \$4,980,000). These mortgages were advanced subsequent to year-end.

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

13. Financial instrument risk management

General objectives, policies, and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter party to honour its financial or contractual obligation to the Company. Credit risk primarily arises from mortgages receivable. Management and the Board of Directors reviews and updates the credit risk policy annually. The maximum exposure of the Company to credit risk before taking into account any collateral held is the carrying amount of the loans as disclosed on the statement of financial position.

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographic region and indicate the relative sensitivity of the Company's performance to developments affecting a particular segment of borrowers or geographic region. Geographic risk is mitigated in that the company lends to all provinces in Western Canada, as well as in Ontario.

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Company takes into consideration the borrower's character, ability to pay, and value of collateral available to secure the loan.

The Company's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

The Company's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

- General mortgage policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration;
- Mortgage lending limits including Board of Director limits, schedule of assigned limits and exemptions from aggregate indebtedness;
- Mortgage collateral security classifications which set loan classifications, advance ratios and amortization periods;
- Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loan renegotiations;
- Mortgage delinquency controls regarding procedures followed for loans in arrears; and
- Internal audit procedures and processes for the Company's lending activities.

(continued)

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

13. Financial instrument risk management *(continued)*

Credit risk (continued)

With respect to credit risk, the Board of Directors receives monthly reports summarizing new mortgages, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance for impaired mortgages receivable quarterly.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the Company's liquidity risk to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due. The Company's business requires such capital for operating and regulatory purposes.

The assessment of the Company's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective Company specific and market conditions and the related behaviour of its shareholders and counterparties.

The Company manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities;
- Monitoring the maturity profiles of financial assets and liabilities; and
- Monitoring the liquidity ratios monthly.

The Board of Directors receives monthly liquidity reports as well as information regarding cash and bank indebtedness balances in order for it to monitor the Company's liquidity framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Company segregates market risk into two categories: fair value risk and interest rate risk. The Company is not significantly exposed to currency risk or other price risk.

- **Fair value risk**

Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Company incurs fair value risk primarily on its mortgages receivable held. The Company does not hedge its fair value risk.

- **Interest rate risk**

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company incurs interest rate risk on its mortgages receivable, bank indebtedness, loan payable promissory notes payable and other interest bearing financial instruments. The Company manages its interest rate risk by ensuring that mortgages receivable are mostly offered on terms not exceeding one year. This enables the Company to match changes in market interest rates through changes to the interest rates it offers to borrowers upon renewal.

Three Point Capital Corp.

Notes to the Financial Statements

December 31, 2023

14. Capital management

The Company defines capital as bank indebtedness, promissory notes payable and share capital. The capital management objectives of the Company are to retain adequate capital resources to support its working capital needs, business and growth strategy and build long term shareholder value.

The Company's credit facilities are reviewed annually to ensure sufficient funds are available to meet operational needs as well as capital requirements (see Note 7).

15. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

ITEM 15 - DATE AND CERTIFICATE

Dated: March 15,2024

This offering memorandum does not contain a misrepresentation.

THREE POINT CAPITAL CORP.



(signed) Ryan G. Lee
Acting Chief Executive Officer



(signed) Marylyn W. Needham
Acting Chief Financial Officer

On Behalf of the Board of Directors:

(signed) Donald J. Crompton
Director



(signed) Duncan R. Kippan
Director