OFFERING MEMORANDUM

Date: **January 2, 2025**

The Issuer

Name:		**BLUE PEARL MORTGAGE INVESTMENT CORPORATION**
Head office:	Address:	**Unit 200, 5570 – 152nd Street, Surrey, British Columbia V3S 5J9**
	Phone:	**604-372-2764** Toll Free: **1-800-288-2764**
	E-mail:	**info@bluepearlmortgage.ca**
Website:		**www.bluepearlmortgage.ca**

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

The Offering

Securities offered:	**Class A Non-voting Participating (redeemable) Shares, Series 1**
Price per security:	**$1.00 per Share**
Minimum offering:	**There is no minimum. You may be the only purchaser.**
Maximum offering:	**$3,000,000 (3,000,000 Shares)**
Minimum subscription amount:	**$10,000 (10,000 Shares) – existing investors** **$25,000 (25,000 Shares) – new investors**
Payment terms:	**The subscription price for Shares being purchased is payable in full by the applicable closing date.** See Item 5.2 "Subscription Procedure".
Proposed closing date(s):	**This is a continuous offering. Closings will occur periodically as subscriptions are received until the earlier of January 28, 2026 and the issuance of our September 30, 2025 annual financial statements.**
Income tax consequences:	**There are important tax consequences to these securities.** See Item 8 "Income Tax Consequences and Registered Plan Eligibility".

Compensation Paid to Sellers and Finders

A person [Drake Financial Ltd.] has received or will receive compensation for the sale of securities [Series 1 Shares] under the offering. See Item 9 "Compensation Paid to Sellers and Finders".

Resale Restrictions

You will be restricted from selling your securities [Series 1 Shares] for an indefinite period. See Item 12 "Resale Restrictions".

Conditions on Repurchases

You will have a right to require us to repurchase the securities [Series 1 Shares] from you, but this right is qualified by a specified price, restrictions and fees. 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 business days to cancel your agreement to purchase these securities [Series 1 Shares]. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement. See Item 13 "Purchasers' Rights".

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

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Item 1 – USE OF AVAILABLE FUNDS

1.1 Funds

The funds that will be available to us from the offering, together with the funds estimated to be available from other sources, are as follows:

	Description	**Assuming**	
		Minimum Offering	**Maximum Offering**
A	Amount to be raised by the offering	$ 10,000	$ 3,000,000
B	Selling commissions and fees *	$ 300	$ 30,000
C	Estimated offering costs (including legal, accounting and audit)	$ 30,000	$ 35,000
D	**Available funds: D = A - (B + C)**	**$ <20,300>**	**$ 2,935,000**
E	Additional sources of funding required (available)	0	0
F	Working capital deficiency	0	0
G	**Total: G = (D + E) - F**	**$ <20,300>**	**$ 2,935,000**

* Assuming a minimum of one and a maximum of 100 new investors. See Item 9 "Compensation Paid to Sellers and Finders".

1.2 Use of Available Funds

We intend to use the funds available to us from the offering and from other sources, 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**
Loans secured by mortgages on residential, commercial, development and bare land properties located in British Columbia	$ 0	$ 2,935,000
Totals (equal to G in the Funds table above)	**$ 0**	**$ 2,935,000**

* Our revenue from operations has been, and we expect it will continue to be, sufficient to cover our operating costs other than the management fee payable to our Manager which our Manager has wholly or partially waived since we commenced operations. We expect our Manager will continue to wholly or partially waive its management fee until our revenue has increased sufficiently to allow us to pay the management fee in full.

1.3 Proceeds Transferred to Other Issuers

None of the proceeds of the offering will be invested in, loaned to, or otherwise transferred to another issuer (other than a subsidiary) unless that issuer owns real estate in British Columbia on which a mortgage has been granted to us in the ordinary course of our business.

Item 2 – OUR BUSINESS AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

We were incorporated as a company under the *Business Corporations Act* (British Columbia) on September 21, 2017. Our share capital consists of an unlimited number of Class A Non-Voting Participating (redeemable) shares with a par value of $1.00 each, of which 10,000,000 Series 1 shares ("**Series 1 Shares**") have been authorized, and an unlimited number of Class B Voting Non-Participating shares with a par value of $1.00 each ("**Class B Shares**" and, with our Series 1 Shares, "**Shares**").

2.2 Business

Overview

We are a "mortgage investment corporation" (a "**MIC**"), a form of corporation under Canada's *Income Tax Act* (the "**Tax Act**") which makes loans secured by mortgages on real estate in Canada. Our borrowers are currently located in British Columbia, although we may expand our lending to other provinces as we develop our business.

As a MIC, we make a diversified range of real estate secured loans, principally residential loans supplemented by a small number of other real estate (commercial, development and bare land) loans, all secured by first and second mortgages, and a very small number of third mortgages. We earn most of our income from the interest paid pursuant to these mortgages along with renewal fees, pre-payment penalties, performance bonuses and other fees and charges related to such mortgages. Additional income may be earned from short term rental of properties we acquire from foreclosures under mortgages held by us and any capital gains when such properties are sold.

We provide mortgage financing to borrowers whose applications do not necessarily fall within the lending and investing guidelines of conventional lenders. As a result of the additional risk, due diligence and administration associated with these mortgages, we charge a rate of interest that is higher than conventional lenders. If our borrowers default under their loans, we work through the foreclosure process with the goal of minimizing any significant losses.

We are registered (licensed) as a mortgage broker in British Columbia. The Office of the Registrar of Mortgage Brokers at the British Columbia Financial Services Authority regulates the mortgage brokering and lending activities of MICs under the *Mortgage Brokers Act* (British Columbia). The Registrar and the *Mortgage Brokers Act* do not regulate the capital raising and investment marketing activities of MICs which are subject to securities legislation and regulation.

Businesses We are Permitted to Conduct as a MIC

To qualify as a MIC, we are restricted by the Tax Act to carrying on the following activities:

(a) our business must be passive and of an investment nature (accordingly, we cannot manage or develop residential or commercial properties other than incidental management thereof – such as management of properties acquired by foreclosure); and

(b) our only business can be the investing of funds.

Furthermore, such investments are subject to the following restrictions:

(a) at least 50% of the cost amount of all of our assets must consist of bank deposits or debts secured on Canadian homes or housing projects;

(b) no more than 25% of the cost amount of all of our assets can consist of ownership of, or leasehold interests in, real estate unless acquired through foreclosure;

(c) we cannot invest our funds in

  (i) real estate located outside Canada or in leasehold interests in such real estate,

  (ii) debts of persons not resident in Canada unless the debt is secured by a mortgage on real estate located within Canada, and

  (iii) shares of corporations not resident in Canada;

(d) our net leveraging (the ratio of the amount of our outstanding liabilities to the amount by which the cost of our assets exceeds our liabilities) cannot exceed a 3:1 ratio unless more than two-thirds of our investments are in residential mortgages and bank deposits, in which case it is entitled to be no more than a 5:1 ratio.

Taxation of MICs

Under the Tax Act, a MIC is not taxed on its net income or net realized capital gains during a financial year if such net income and one-half (increasing, subject to Parliament's approval, to two-thirds for taxation years ending after December 31, 2025) of such net realized capital gains ("**taxable capital gains**") are distributed to the MIC's shareholders within 90 days after the MIC's financial year end. Therefore, to qualify as a MIC and receive this favourable tax treatment, we annually distribute all of our net income and taxable capital gains to our Series 1 Shareholders as described in Item 5.1 "Terms of Securities". **These distributions of our net income are taxed as interest income and of our taxable capital gains are taxed as capital gains in the hands of our Series 1 Shareholders and neither are taxed as dividends** as described in Item 8 "Income Tax Consequences and Registered Plan Eligibility".

Investment Policy

Our investment policy is intended to enable us to qualify as a MIC and be entitled to the special tax treatment afforded to MICs under the Tax Act. For this reason, we loan most of our funds as residential mortgage loans and the balance is held in bank deposits. We may also lend our funds as construction, commercial and bare land mortgage loans, however, we rarely do so. We do not make loans to related parties such as our directors, officers and their families or companies controlled by them, and no funds will be loaned in respect of any property in which they have a direct or indirect interest.

We believe the types of mortgage loans which we have made, and intend to make, are consistent with the criteria for a MIC under the Tax Act.

Operating Policy

Any residential loans made by us must be secured by first or second mortgages although, in very few cases, we may accept third mortgages as security on special terms. We limit all loans to a maximum of 75% of the appraised value of the mortgaged property less the amount of any prior mortgages (the "**loan to value**" or "**LTV**" ratio). We may occasionally exceed a 75% LTV ratio to secure the priority of our mortgage or otherwise effect a workout of the borrower's indebtedness.

Commercial, development and bare land mortgages made by us must be secured by first or second mortgages and the LTV ratio must not exceed 75%.

In general, our loans are repayable with interest ranging from 10% to 12% per year for first mortgages and 12% to 14% per year for second mortgages. Most of our loans are for a one year term, although in special circumstances we may make loans for up to a two year term.

Independent appraisals by accredited appraisers are required for all loans in excess of $50,000. From time to time, exceptions to this appraisal requirement may be made for exceptionally low loan to value mortgages that are well secured by the land value, as evidenced by either a tax assessment of land value or a comparable market analysis of land value by a qualified realtor. Once a loan is made, further appraisals are not required during the term, nor for the renewal, of loans but may be obtained when a loan is in foreclosure.

Loans secured by properties with a residence must have valid homeowner insurance in place, unless at the time of funding the mortgage is fully secured by the land value alone. Title insurance is required and all taxes, levies and assessments must be fully paid on all properties.

We will not fund or renew any loan until all relevant materials are provided, reviewed, and accepted by us. In addition to the foregoing, such materials may include mortgage applications, and credit, financial, and economic reports.

When we make loans secured by property outside of major urban centres, we significantly increase the requirements potential borrowers must meet before making such loans to ensure protection of our capital.

We exercise caution to ensure no significant mortgage loans are or will be made to any one borrower or group of related borrowers or for any one project. Further, no mortgage or collection of mortgages from a single borrower or group of related borrowers shall exceed 50% of our total assets.

Since our lending business model is based on ensuring borrowers have adequate equity to repay their loan should they default, we do not need to ensure that borrowers have adequate income or other financial resources to repay their loans. If, however, we are working with the borrower to secure conventional financing, we try to ensure that the borrower has adequate income as evidenced by tax returns and forms (such as T4 and T5 slips) and pay slips.

To ensure compliance with our lending (operating) policy, all loans funded by us are reviewed for compliance by the directors. See "Manager" below.

Competition

Our competitors are principally other MICs, but also include commercial lenders and financial institutions such as banks. There are already a significant number of MICs operating with varying levels of success and many of these MICs compete for the same borrowers. Furthermore, the MIC lending business continues to increase in number of MICs and competitiveness of those MICs each year. This has resulted, and could result in further, downward pressure on lending rates and the resulting rates of return to investors in MICs.

Manager

To provide for the management of our business we have entered into a Management Agreement with Blue Pearl Investment Ltd. ("**Manager**"). Our Manager is owned by our President, Nitesh Prakash (50%), and Prakash (2017) Family Trust (50%), a trust the beneficiaries of which are the spouse and children of Nitesh Prakash.

Under the Management Agreement, our Manager provides mortgage investment and management services to us, including:

(a) sourcing and administering mortgage loans on our behalf within investment parameters established by our Board of Directors;

(b) carrying out the day-to-day administration of our business;

(c) providing monthly reports on our operations to our Board of Directors;

(d) communicating with mortgage brokers and our shareholders and answering their queries;

(e) preparing accounting information for our auditor; and

(f) furnishing us with all necessary administrative services including providing office space, clerical staff and maintaining books and records, all to the extent required in connection with the services that our Manager is required to render under the Management Agreement.

The Management Agreement provides that our Manager will be paid a monthly fee for its mortgage management and administrative services equal to 0.0833% (1.0% per year) of our total assets (after deduction of provisions for losses) and a monthly fee for its other management services equal to 0.0833% (1.0% per year) of our total assets (after deduction of provisions for losses). Our total assets are determined as of the last working day of each month. From this amount, our Manager remunerates its employees and our President. Payment to our Manager is made immediately after each month-end upon receipt of an account from it. See Note 7 "Related Party Transactions" of our annual financial statements at the end of this Offering Memorandum for details of our Manager's remuneration.

We are also required to reimburse our Manager for its reasonable and necessary out-of-pocket disbursements (excluding wages, salaries and the costs of office space and maintenance of our books and records) incurred in connection with administering our business. Such disbursements are paid monthly once approved by us.

We have agreed to indemnify our Manager from all claims incurred in respect of the origination, administration, and servicing of our mortgage portfolio except those caused by our Manager's gross negligence or willful misconduct.

The Management Agreement had an initial term of five years, which was automatically renewed on October 13, 2022 and shall automatically renew for successive five year terms unless it is terminated by us or our Manager. The Management Agreement may be terminated in the event of a bankruptcy or similar event by either party, a default by either party (the defaulting party having 30 days to rectify a default unless the default involves the non-payment of funds) or on six months written notice from our Manager. The Management Agreement may not be assigned by either party.

Our Manager may not participate as a lender in any loan opportunity that it may make available to us but may receive or share mortgage brokerage fees or commissions paid in connection with mortgage loans made by us to borrowers introduced by our Manager.

Transfer Agent, Registrar and Disbursing Agent

Computershare Investor Services Inc. of Vancouver, British Columbia is our registrar and transfer agent in respect of our Series 1 Shares and disbursing agent in respect of any distributions made in respect of such Shares. In such capacity, Computershare maintains our share register for, and records any issuances, redemptions or transfers of, such Shares. Computershare also effects any distributions on our Series 1 Shares.

2.3 Development of Our Business

Since commencing operations in our 2018 fiscal year, we have developed our business based on prudent lending practices and working through any foreclosures with the goal of minimizing losses. We believe this development and loss strategy has resulted, and will continue to result, in consistent and acceptable rates of return on our invested capital compared to alternative investment opportunities for our shareholders. When borrowers default under their mortgage loans, we will work through the foreclosure process with the goal of minimizing any significant losses. This has allowed and should continue to allow us to provide fairly consistent rates of return for our shareholders commensurate with market conditions.

During our last two financial years and subsequent period up to the date of this Offering Memorandum, there have not been any major events or conditions that have favourably, or adversely, influenced the development or financial condition of our business.

Funding, Loans and Distributions to Investors

In the past seven financial years (since commencing operations in our 2018 fiscal year), our business has developed as follows:

Financial Year ended September 30th	Funds Raised	Loans Made			Distributions Made (1)		
		No.	Principal Amount	Interest Rate (2)	Shares (3)	Cash	Total
2018	$ 922,594	10	$ 582,000	11.90%	$ 10,726	$ 12,197	$ 22,923
2019	$ 131,875	16	$ 1,204,050	11.70%	$ 60,883	$ 39,020	$ 99,903
2020	$ 409,228	15	$ 1,082,200	11.40%	$ 112,982	$ 7,756	$ 120,738
2021	$ 584,095	14	$ 2,378,986	8.25%	$ 122,056	$ 84,034	$ 206,090
2022	$ 412,498	11	$ 1,486,261	8.30%	$ 144,151	$ 60,600	$ 204,751
2023	$ 556,134	10	$ 926,052	11.79%	$ 158,516	$ 56,329	$ 214,845
2024	$ 1,595,805	22	$ 2,234,996	12.67%	$ 259,610	$ 65,275	$ 324,885
Totals	**$ 4,612,229**	**98**	**$ 9,894,545**	**-**	**$ 868,924**	**$ 325,211**	**$ 1,194,135**

(1) Distributions made within each financial year consist of the share and cash distributions for our preceding financial year.

(2) Weighted average interest rate charged on all loans made during the financial year.

(3) Value of Series 1 Shares issued at a deemed price of $1.00 each.

Mortgage Portfolio

The development of our mortgage portfolio as at our September 30th financial year end in each of the past seven financial years (since commencing operations in our 2018 fiscal year) is as follows:

Mortgage Ranking	2018			2019		
	No.	**Principal**	**Percent (1)**	**No.**	**Principal**	**Percent (1)**
First	0	0	0%	0	0	0%
Second	9	$ 552,000	100.00%	13	$ 962,050	100.00%
Third	0	0	0%	0	0	0%
Totals	**9**	**$ 552,000**	**100.00%**	**13**	**$ 962,050**	**100.00%**
Weighted Average Interest Rate (2)		**11.88%**			**11.46%**	
	2020			**2021**		
First	0	0	0%	0	0	0%
Second	16	$ 621,350	100.00%	9	$ 1,549,496	100.00%
Third	0	0	0%	0	0	0%
Totals	**16**	**$ 621,350**	**100.00%**	**9**	**$ 1,549, 496**	**100.00%**
Weighted Average Interest Rate (2)		**11.43%**			**8.25%**	
	2022			**2023**		
First	0	0	0%	0	0	0%
Second	13	$ 2,024,261	100.00%	12	$ 1,847,552	100.00%
Third	0	0	0%	0	0	0%
Totals	**13**	**$ 2,024,261**	**100.00%**	**12**	**$ 1,847,552**	**100.00%**
Weighted Average Interest Rate (2)		**8.26%**			**9.20%**	
	2024					
First		$ 202,000	6.70%			
Second		$ 2,272,651	75.41%			
Third		$ 538,995	17.89%			
Totals		**$ 3,013,646**	**100.00%**			
Weighted Average Interest Rate (2)		**11.07%**				

(1) Of total principal amount.

(2) Principal weighted average annual interest rate.

As at the date of this Offering Memorandum, we hold mortgages as security for loans as set out in the following three tables:

Mortgage Ranking	**Number**	**Percentage** (of Number)	**Principal Amount**	**Percentage** (of Principal)	**Average** (Principal weighted)		
					LTV	**Annual Interest Rate**	**Term** (Months)
First	1	3.70%	$ 202,000	6.17%	48.00%	14.00%	12
Second	22	81.48%	$ 2,517,751	76.91%	71.14%	12.72%	12

Mortgage Ranking	Number	Percentage (of Number)	Principal Amount	Percentage (of Principal)	Average (Principal weighted)		
					LTV	Annual Interest Rate	Term (Months)
Third	4	14.82%	$ 553,995	16.92%	62.03%	14.31%	12
Totals (1)	**27**	**100.00%**	**$ 3,273,746**	**100.00%**			

Less allowance for loan impairment (2)	0
Total	**$ 3,273,746**
Average mortgage balance	$ 121,250
Principal weighted average interest rate	**13.07%**

(1) Of these mortgages,

(a) 27 (100% of our mortgages) with a total principal amount of $3,273,746 (100% of our total principal amount loaned) will mature in less than one year from the date of this Offering Memorandum, and

(b) three (11.11% of our mortgages) with a total principal amount of $883,000 (26.97% of our total principal amount loaned) have payments more than 90 days overdue.

(2) In preparing our annual financial statements, we are required to make estimates of any expected and possible future losses on our mortgage portfolio, and to provide for them in the financial statements as an "impairment allowance". Loan impairment occurs when the underlying mortgage security is considered inadequate to recover all of our costs (including principal, interest, penalty and estimated costs of realization) and would result in a loss. See Note 3 "Material Accounting Policies" and Note 4 "Financial instruments" of our annual financial statements at the end of this Offering Memorandum and "Delinquencies and Foreclosures" below for further information.

Mortgage Type	First Mortgages			Second Mortgages			Third Mortgages		
	No.	Principal	% (1)	No.	Principal	% (1)	No.	Principal	% (1)
Residential	1	$ 202,000	6.17%	22	$ 2,517,751	76.91%	4	$ 553,995	16.92$
Residential bare land	0	0	0.00%	0	0	0.00%	0	0	0.00%
Mixed use (2)	0	0	0.00%	0	0	0.00%	0	0	0.00%
Commercial	0	0	0.00%	0	0	0.00%	0	0	0.00%
Subtotals	**1**	**$ 202,000**	**6.17%**	**22**	**$ 2,517,751**	**76.91%**	**4**	**$ 553,995**	**16.92%**
Totals – all mortgages	**27**	**$ 3,273,746**	**100.00%**						

(1) Of total principal amount.

(2) Both commercial and residential use.

Mortgage Location	First Mortgages			Second Mortgages			Third Mortgages		
	No.	Principal	% *	No.	Principal	% *	No.	Principal	% *
British Columbia	1	$ 202,000	6.17%	22	$ 2,517,751	76.91%	4	$ 553,995	16.92%
Totals – all mortgages	**27**	**$ 3,273,746**	**100.00%**						

* Of total principal amount.

The properties are distributed between large metropolitan areas (Vancouver, Victoria, and their surrounding communities) and mid-sized and larger communities (such as Kelowna and Abbotsford). All of the loans were secured by mortgages on residential properties, although we do, from time to time, make loans secured by mortgages on commercial, development and bare land properties.

The ratio of the value of each loan to the appraised value of the property varies, but rarely exceeds 75%.

Of our mortgages held as at the date of this Offering Memorandum, one comprised 10% or more of the total principal amount of all our mortgages. The details of such mortgage are:

Description	Mortgage Details
Principal amount and percentage of total principal amount	$ 500,000 and 15.27%
Annual interest rate payable	14.00%
Maturity date	January 1, 2025
Loan-to-value ratio	75%
Mortgage rank	Second
Property type	Residential
Location	Langley, BC
Payments more than 90 days overdue	0
Details of any impairment of the mortgage	None
Borrower's credit score	589

The average credit score of our borrowers, weighted by the principal amount of their mortgages is 642. A credit score represents how likely one of the two Canadian credit bureaus thinks someone is to pay their bills on time. The score can range from 300 to 900 with a credit score of more than 760 considered to be excellent and less than 560 considered to be bad.

Delinquencies and Foreclosures

As at the date of this Offering Memorandum, there were:

- three mortgages (11.11% of our mortgages) with outstanding principal totalling $883,000 (26.97% of our total outstanding principal) which are delinquent (interest and principal payments are at least 90 days in arrears);
- no mortgages which are impaired (the underlying security is considered inadequate to recover our costs (including principal, interest, penalty and estimated costs of realization) where estimated realizable amounts are determined based on valuations by independent appraisers accredited by professional institutes with recent experience in the location of the property being valued and by direct sales comparisons where the fair value is based on comparisons to recent sales of properties of similar types, locations and quality by the estimated fair market value of the security underlying the mortgages after deducting estimated costs of realization);
- no mortgages which are not impaired or in default, but for which we have made material accommodations to respond to financial difficulties of the borrower; or
- two mortgages (7.41% of our mortgages) with outstanding principal totalling $683,000 (20.86% of our total outstanding principal) which are in foreclosure.

Our management anticipates that no possible losses may occur and, therefore, no loan impairment provision has been recorded as at the date of this Offering Memorandum.

Portfolio Performance

The average annual rate of return (or yield) which our Series 1 Shareholders receive on their Series 1 Share investments is annually calculated by us and confirmed by our auditor as at our September 30th financial year end. The effective annual yields on adjusted share capital for such Shareholders for our last seven financial years (since commencing operations in our 2018 fiscal year) are as follows:

2018	2019	2020	2021	2022	2023	2024
9.64%	10.54%	10.13%	10.26%	9.78%	9.14%	10.69%

There is no guarantee that such rates of return will continue or that investors will receive similar returns in future years. The factors which affect the rate of return are described in Item 10 “Risk Factors”.

All of our cash distributions for the financial years shown were, and we expect future distributions to continue to be, funded from our operating activities and funds re-invested through our share re-investment plan, and none were funded from bank borrowings, share subscriptions from our investors or other sources.

2.4 Long Term Objectives

We have two long term objectives.

Firstly, to continue the development of our business with an orderly and consistent growth of our earnings, assets and operations in accordance with prudent lending practices while minimizing both risk to our capital base and the number of foreclosures which must be completed when borrowers default under their mortgage loans.

Secondly, to continue to achieve a healthy return on capital maximizing the return on investment realized by our Series 1 Shareholders.

To achieve those objectives, we need to obtain a continuous supply of both investment capital and qualified, performing mortgages. There cannot be any assurance, however, that we will be able to do that or meet our long term objectives. See Item 10 “Risk Factors”.

2.5 Short Term Objectives

Our objectives for the next 12 months are threefold:

Firstly, to raise further investment capital and invest that capital in residential mortgages in British Columbia.

Secondly, to meet our two long term objectives set out in Item 2.4 “Long Term Objectives”.

To achieve those objectives, we need to obtain a continuous supply of both investment capital and qualified, performing mortgages. There cannot be any assurance, however, that we will be able to do so. See Item 10 “Risk Factors”.

We intend to meet those objectives for the next 12 months as follows:

Actions to be taken	Target completion date or, if not known, number of months to complete	Our cost to complete	
		Minimum Offering	**Maximum Offering**
Carry out the offering as described in this Offering Memorandum.	Next 12 months	$ 30,300	$ 65,000
Use the offering proceeds to make mortgage loans with a reasonable and manageable level of risk in accordance with our existing lending practices.	Ongoing *	$ 0	$ 2,935,000

* Since we have an ongoing offering and mortgage loan program, there is no target completion date for our business plan. Loans will be made as our available funds permit.

2.6 Material Contracts

We are a party to the following material contracts:

(a) Management Agreement dated October 13, 2017 with our Manager, Blue Pearl Investment Ltd. See Item 2.2 “Our Business – Manager”;

(b) Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated December 12, 2017 with our registrar, transfer and disbursing agent, Computershare Investor Services Inc. See Item 2.2 “Our Business – Transfer Agent, Registrar and Disbursing Agent”;

(c) Issuer Agreement – Exempt Market Securities dated January 31, 2022 with Olympia Trust Company of Calgary, Alberta pursuant to which Olympia agreed to permit its clients to invest in our Series 1 Shares through their self-directed (registered) investment plan accounts such as Registered

Retirement Savings Plans (RRSP) and Tax Free Savings Accounts (TFSA) on certain conditions, including us providing Olympia with appropriate title documentation for, and annual fair market valuations of, our Series 1 Shares; and

(d) Agency Agreement dated February 24, 2022, as amended April 7, 2022, with Drake Financial Ltd. See Item 9 "Compensation Paid to Sellers and Finders".

Item 3 – COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

Our directors, officers and promoters, each person who has beneficial ownership of or direct or indirect control over (or a combination thereof) 10% or more of our Class B Shares and each related party other than the foregoing who received compensation in our most recently completed financial year or who we expect to receive compensation in our current financial year are as follows:

Full Legal Name & Place of Principal Residence	**Positions Held & Date Appointed**	**Compensation (1) Paid** Last Fiscal Year **& Expected to be Paid** Current Fiscal Year	**Number, Type & Percentage of Our Securities held (2) after completion of the:**	
			Minimum Offering	**Maximum Offering (3)**
DHILLON, Harpreet Singh Surrey, BC	Director September 21, 2017	0 0	76,694 Series 1 (1.87%) 1 Class B (9.09%)	76,694 Series 1 (1.08%) 1 Class B (9.09%)
PRAKASH, Nitesh Surrey, BC	President & Director September 21, 2017	0 0	57,647 Series 1 (1.41%) 1 Class B (9.09%)	57,647 Series 1 (0.81%) 1 Class B (9.09%)
VIAJE, Lyn Stephanie Maple Ridge, BC	Secretary & Director June 1, 2020	0 0	0 Series 1 (0.00%) 1 Class B (9.09%)	0 Series 1 (0.00%) 1 Class B (9.09%)

(1) Paid or expected to be paid by us or our Manager.

(2) Shares beneficially held, directly or indirectly, or over which control or direction is exercised, by each person and does not include Shares held jointly with a spouse. Percentages are the percentage of the applicable class of Shares. Amounts are subject to variation depending on the share purchases and repurchases during the term of the offering.

(3) Assuming a minimum of 10,000 Series 1 Shares and a maximum of 5,000,000 Series 1 Shares are sold and the person does not purchase any Series 1 Shares. We are unaware whether our directors and officers will purchase any Series 1 Shares in the offering.

3.2 Management Experience

The principal occupations and related experience of our directors and executive officers during the past five years are as follows:

Full Legal Name & Position	**Principal Occupation and Description of Experience Related to Occupation**
DHILLON, Harpreet Singh Director	Registered (or Licensed) Mortgage Broker (British Columbia and Saskatchewan) Sub-Mortgage broker at Blue Pearl Mortgage Group Inc. (a mortgage brokerage) since September 2014 Sub-Mortgage Broker with HSBC Finance (June 2004 to August 2014) Mortgage Broker course (Sauder School of Business, University of British Columbia; June 2004) Diploma in Financial Management (BC Institute of Technology; June 2004)

Full Legal Name & Position	Principal Occupation and Description of Experience Related to Occupation
PRAKASH, Nitesh President & Director	Registered (or Licensed) Mortgage Broker (British Columbia, Alberta, Manitoba, Saskatchewan and Ontario) President and owner of, and sub-mortgage broker at, Blue Pearl Mortgage Group Inc. (a mortgage brokerage) since September 2014 President of Blue Pearl Mortgage Investment Corporation and Blue Pearl Investment Ltd. (our Manager) since September 2017 Sub-Mortgage broker with HSBC Finance (August 2006 to August 2014) Mortgage Broker course (Sauder School of Business, University of British Columbia; August 2006)
VIAJE, Lyn Stephanie Secretary & Director	Registered (Licensed) Mortgage Broker (British Columbia) Licensed Mortgage broker at Blue Pearl Mortgage Group Inc. (a mortgage brokerage) since January 2018 Mortgage Broker course (Sauder School of Business, University of British Columbia; March 2015) Underwriter Equitable Bank (January 2015 to January 2018) Sub-Mortgage broker with HSBC Finance (July 2008 to March 2013)

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

None of our directors or executive officers or issuers of which they were a director, executive officer or control person (a shareholder that controls, individually or with others, more than 20% of an issuer's voting shares) at the time, has been any time during the last 10 years subject to any:

(a) penalty or other sanction imposed by a court or regulatory body relating to a contravention of securities legislation;

(b) order restricting trading in securities for 30 or more consecutive days; or

(c) declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets.

Neither we nor any of our directors or executive officers has ever pled guilty to or been found guilty of any:

(a) summary conviction or indictable offence under the *Criminal Code* (Canada);

(b) quasi-criminal offence (which includes offences under tax, immigration, or money laundering legislation) in any jurisdiction of Canada or a foreign jurisdiction

(c) misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America;

(d) offence under the criminal legislation of any other foreign jurisdiction.

3.4 Certain Loans

We are not and have not been during our last two financial years indebted to any of our directors, officers, promoters, or other related parties, nor are any of them indebted or been indebted during our last two financial years to us for any loans, debentures, or bonds.

Item 4 – CAPITAL STRUCTURE

4.1 Securities Except for Debt Securities

Our share capital is as follows:

Description of Security *	Number Authorized to be Issued	Price per Security	Number outstanding: as at the date of this Offering Memorandum	Number outstanding: after the Minimum Offering	Number outstanding: after the Maximum Offering
Class A Non-voting Participating Shares, Series 1	10,000,000	$1.00	4,085,959	4,095,959	7,085,959
Class B Voting Non-Participating Shares	unlimited	$1.00	11	11	11

* There are not any options, warrants or other securities convertible into Series 1 Shares or Class B Shares.

See Item 5.1 "Terms of Securities" for a description of the terms of our Share capital.

4.2 Current and Long Term Debt

Our current (less than 12 months) and long term (more than 12 months) indebtedness is as follows:

Description of Debt & Whether Secured	Interest Rate (annual)	Repayment Terms	Amount Outstanding as at the date of this Offering Memorandum
Current			
Demand Loans	–	–	$ 0
Term Loans	–	–	$ 0
Long Term			
Term Loans	–	–	$ 0

4.3 Prior Sales

During the past 12 months, we issued Series 1 Shares (and no Class B Shares or securities convertible into or exchangeable for Series 1 Shares or Class B Shares) as follows:

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
January 2024	473,708	$ 1.00	$ 473,708
February 2024	25,000	$ 1.00	$ 25,000
March 2024	118,534	$ 1.00	$ 118,534
April 2024	167,468	$ 1.00	$ 167,468
May 2024	210,451	$ 1.00	$ 210,451
June 2024	75,249	$ 1.00	$ 75,249
July 2024	92,636	$ 1.00	$ 92,636
August 2024	170,099	$ 1.00	$ 170,099
September 2024	20,180	$ 1.00	$ 20,180
September 2024 – Annual Distribution *	259,610	$ 1.00	$ 259,610
October 2024	252,875	$ 1.00	$ 252,875

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
November 2024	50,000	$ 1.00	$ 50,000
December 2024	42,274	$1.00	$ 42,274
Totals	**1,958,084**	**-**	**$ 1,958,084**

* Issued in lieu of a cash payment for the balance of the annual distribution of our net income and taxable capital gains for the preceding financial year.

Item 5 – SECURITIES OFFERED

By this Offering Memorandum, we are offering our Series 1 Shares for sale on a private placement basis to qualified investors ("**Subscribers**") in British Columbia, Alberta and Ontario on a "best efforts" basis by our selling agent, Drake Financial Ltd., and registered securities and exempt market dealers (if any).

5.1 Terms of Securities

Voting

Our Series 1 Shares do not have any right to vote except in respect of any amendment to their special rights and privileges.

Each Class B Share has one vote at every meeting of Class B Shareholders.

Distribution of Profits

Each financial year, we distribute to our Series 1 Shareholders all of our net income and taxable capital gains for that financial year. This is done through monthly distributions on each Series 1 Share outstanding within 15 days after the end of each of the first 11 months, with a final distribution of the remainder of our annual net income and taxable capital gains within two months after our financial year end as required by the *Business Corporations Act* (British Columbia). The distributions may be made by the issuance of further Series 1 Shares or by way of cash, or a combination of both, as elected by the shareholder.

Our Class B Shares are not entitled to receive any distributions of our net income or taxable capital gains.

Restrictions on Ownership

The Tax Act imposes significant penalties on investments by Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF) and Tax Free Savings Accounts (TFSA) if the ownership through an RRSP, RRIF or TFSA by an investor and parties non-arm's length to the investor equals 10% or more of the shares of a MIC. A "non-arm's length" party includes persons related to the investor by blood, marriage, "common law" partnership or adoption, companies controlled by the investor, a related group containing the investor or persons related to the investor or anyone in such group, trusts of which the investor is a beneficiary and partnerships of which the investor is a member. **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 Series 1 Shares.**

Repurchases (Redemption and Retraction) of Shares

You can require us to repurchase some or all of your Series 1 Shares by sending a written notice of repurchase to us at least 30 days before the end of one of our financial quarters. Your shares will be repurchased for our net worth (the difference between the fair market value of our assets and our liabilities) per share, which is usually $1.00 per share, plus any unpaid cash distributions, on the first day of our next financial quarter and payment for your shares will be made within 90 days as follows.

Financial Quarter	Financial Quarter ends on	Repurchase Notice must be received by us on or before	Repurchase will be effective on	Payment of Repurchase Amount will be made on or before
1st	December 31st	November 30th	January 1st	April 1st (1)
2nd	March 31st	February 28th (2)	April 1st	June 30th
3rd	June 30th	May 30th	July 1st	September 29th
4th	September 30th	August 30th	October 1st	December 30th

(1) March 31st in leap years.

(2) February 29th in leap years.

Each repurchase of your Series 1 Shares is subject to a fee of $75, payable to us by you. Accordingly, if you provide, for example, notice respecting the repurchase of your 1,000 Series 1 Shares on or before May 30th, you will receive a cheque from us for $925 ($1,000 less $75) on or before the following September 29th.

We can repurchase, in our sole discretion, any or all Series 1 Shares held by any shareholder without the consent of, or receiving a notice of repurchase from, that shareholder. Payment for such Shares will be made within 90 days of repurchase.

If a planned repurchase would result in us not meeting the requirements for a MIC under the Tax Act or the solvency requirements of the *Business Corporations Act* (British Columbia), we will only repurchase such number of Series 1 Shares as may be necessary for us to continue to meet such requirements.

Transferability

Our Series 1 Shares are subject to restrictions on transfer:

(a) contained in our Articles (our corporate charter); and

(b) imposed by applicable securities legislation (see Item 12 "Resale Restrictions").

Our Articles provide that a shareholder cannot transfer any of their Series 1 Shares without the consent of our Board of Directors. This restriction does not apply to a transfer of Series 1 Shares to the shareholder's Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Deferred Profit Share Plan (DPSP), Registered Pension Plan (RPP), Registered Education Savings Plan (RESP), Tax Free Savings Account (TFSA), independent savings plan or other savings plan created by a province or the Canadian government (collectively, "**Registered Plans**") or a Registered Plan owned by the shareholder's spouse.

The Tax Act requires MICs to have no fewer than 20 shareholders and no one shareholder (including the shareholder's spouse and children under 18, and companies controlled by any of them and the shareholder) to hold more than 25% of its issued shares. Accordingly, our Articles also prohibit any transfer of shares or any other action which would result in us not qualifying as a MIC under the Tax Act.

Each transfer of your Series 1 Shares is subject to a fee of $75, payable to us by you.

Conversion

Neither our Series 1 Shares nor our Class B Shares are convertible into any other form of share or security.

Liquidation Entitlement

If we are liquidated, dissolved or wound-up, the remaining proceeds after payment of all expenses and outstanding indebtedness will be paid to our Series 1 Shareholders and Class B Shareholders in proportion to the number of our shares held. Since we pay out all of our net income and taxable capital gains each year, it is possible that on our liquidation, dissolution or winding-up our shareholders may not be paid the full amount paid for their shares.

Amendment of Terms

The terms of our Series 1 Shares may only be amended with the approval of not less than two-thirds of the votes cast by our Series 1 Shareholders, each Series 1 Shareholder having one vote for each Series 1 Share held.

The terms of our Class B Shares may only be amended with the approval of not less than two-thirds of the votes cast by our Class B Shareholders.

Assessment

All of our Shares issued to date are, and those issued pursuant to this Offering Memorandum shall be, fully paid and non-assessable.

5.2 Subscription Procedure

If you wish to subscribe for our Series 1 Shares, please complete and sign a Subscription Agreement, in the form accompanying this Offering Memorandum, and **deliver the agreement to our selling agent** as follows:

Drake Financial Ltd.
2190 McCallum Road
Abbotsford, BC V2S 3P3

For subscriptions through a Registered Plan, funds are transferred from your trustee. For all other subscriptions, **also deliver to our selling agent a certified cheque, bank draft or money order payable to "Blue Pearl Mortgage Investment Corporation"**, for the number of Series 1 Shares you wish to purchase.

If you are resident in Alberta or Ontario, your subscription, together with all your other subscriptions in the preceding 12 months pursuant to offerings carried out by offering memoranda, is limited to an aggregate of:

- $10,000 if you are not an "eligible investor" (as that term is used in Schedules 1 and 2 of Schedule I of the Subscription Agreement);
- $30,000 if you are an "eligible investor"; or
- $100,000 if you are an "eligible investor" and have received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable.

The foregoing restrictions may not apply if you are an accredited investor or a family, close personal friend or close business associate investor (as those terms are used in Schedules 1 and 2 of Schedule I of the Subscription Agreement) in which event you may be required to provide further documentation to confirm your status to invest.

All subscription funds will be held by our selling agent (as required by law) for at least two business days after receipt. Closing will occur shortly thereafter, and the shares will be issued and held for you by our registrar and transfer agent, Computershare Investor Services Inc., which will send you a written confirmation of the shares held for you. No share certificates will be issued unless requested or you subscribe for your shares through a Registered Plan and the financial institution administering your Registered Plan requires a share certificate.

There are no conditions that must be met by us before any closing occurs, however, we may, in our sole discretion, change the minimum and maximum subscription amounts by investors or accept or reject any subscription. If a subscription is not accepted, in whole or in part, we will return all or part of your subscription funds, without interest or deduction, as applicable.

Any "OM marketing materials" (as defined in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and generally being a written communication other than a term sheet intended for prospective Subscribers under this Offering Memorandum that contains material facts relating to us, our Shares and the offering) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective Subscriber before the termination of the distribution is, and is deemed to be, incorporated by reference into this Offering Memorandum. Notwithstanding the foregoing, OM marketing materials incorporated by reference as described above are no longer incorporated by reference, and no longer form part of this Offering Memorandum, to the extent to which such materials have been superseded by a statement or statements contained in (i) an amendment to the Offering Memorandum, or an amended and restated Offering Memorandum, or (ii) subsequent OM marketing materials delivered to or made reasonably available to a prospective Subscriber.

Item 6 – REPURCHASE REQUESTS

During our last two financial years and subsequent period up to the date of this Offering Memorandum, we repurchased the following Series 1 Shares (and no Class B Shares) at a price of $1.00 per Share using only our net income and no subscription funds:

Financial Year ended September 30th	Number of Shares			
	subject to repurchase requests outstanding at beginning of Financial Year / Period	requested to be repurchased during Financial Year / Period	repurchased during Financial Year / Period	subject to repurchase requests outstanding at end of Financial Year / Period
2023	0	595,817	595,817	0
2024	0	493,980	493,980	0
2025*	0	10,000	10,000	0

* Three month financial period ended December 31, 2024.

Item 7– CERTAIN DIVIDENDS OR DISTRIBUTIONS

We have not, during our last two financial years, or any subsequent interim financial period, paid dividends or distributions that exceeded our cash flow from operations.

Item 8 – INCOME TAX CONSEQUENCES AND REGISTERED PLAN ELIGIBILITY

8.1 Caution

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. Such advice should include the income tax consequences of acquiring, holding and disposing of our Series 1 Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

8.2 Description of Income Tax Consequences

Caution

We are making the income tax disclosure contained in this Item 8.2, but we make no other warranties or representations, implied or otherwise, with respect to taxation issues. If we do not qualify as a MIC, the income tax consequences would be materially different from those described in this Item 8.2.

General

In the opinion of our management, the following sets out a summary of the principal Canadian federal income tax consequences of acquiring, holding, and disposing of our Series 1 Shares by a Subscriber who, at all relevant times, is a resident of Canada, deals with us at arm's length, and acquires and holds our Series 1 Shares as capital property. Subscribers for whom our Series 1 Shares might not constitute capital property may elect, in certain circumstances, to have such property treated as capital property by making an election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to any Series 1 Shareholder which is a "financial institution" (as defined in section 142.2 of the Tax Act), or to any holder of Series 1 Shares an interest in which is a "tax shelter investment" for the purposes of the Tax Act.

This summary is based upon the current provisions of the Tax Act, the regulations made under the Tax Act, all specific proposals to amend the Tax Act and such regulations publicly announced by or on behalf of Canada's Minister of Finance prior to the date of this Offering Memorandum and the current published administrative practices of the Canada Revenue Agency. This summary assumes that all such tax proposals will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, government or judicial action and does not take into account tax legislation or considerations of any province or territory of Canada or of any foreign jurisdiction.

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. It is not intended to be and should not be interpreted as legal or tax advice to any particular Subscriber. You should consult with your own tax advisor regarding the income tax consequences to you of acquiring, holding and disposing of our Series 1 Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Status as a Mortgage Investment Corporation

This summary assumes that we qualify as a mortgage investment corporation under the Tax Act. We will qualify as a MIC throughout each of our taxation years if, throughout that taxation year:

(a) we are a "Canadian corporation" as defined in the Tax Act;

(b) our only undertaking is the investing of funds and we did not manage or develop any real property;

(c) no debts are owed to us that are secured on real property situated outside of Canada;

(d) no debts are owed to us by non-residents, other than debts secured on real property situated in Canada;

(e) we do not own shares of any corporation not resident in Canada;

(f) we do not own real property located outside of Canada or any leasehold interest in such property;

(g) we have at least 20 shareholders (except that we are deemed to comply with this requirement throughout our first taxation year if we comply with it on the last day of our first taxation year, which we did);

(h) no person is a "specified shareholder" (as defined in subsection 248(1) of the Tax Act and modified by paragraph 130.1(6)(d) of the Tax Act) which generally means a person who alone or together with the person's spouse, children under the age of 18, and other related parties, owns more than 25% of the issued shares of any class of our Shares;

(i) any preferred shares (as defined in the Tax Act) have a right, after payment to them of their preferred dividends (distributions), and payment of dividends (distributions) in a like amount per share to the holders of the common shares (as that term is defined in the Tax Act) to participate *pari passu* with the holders of common shares in any further payment of dividends (distributions);

(j) the cost amount of our property represented by loans on houses or on property included within a housing project (as defined in Canada's *National Housing Act*), together with cash on hand and deposits with a bank or any other lender whose deposits are insured by the Canada Deposit Insurance Company or a credit union, (collectively, the "**Qualifying Property**") is at least 50% of the cost amount to us of all of our property;

(k) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by us) owned by us does not exceed 25% of the cost amount to us of all of our property; and

(l) where at any time in the year the cost amount to us of our Qualifying Property is less than two-thirds of the cost amount to us of all of our property, our liabilities throughout the year do not exceed three times the amount by which the cost amount to us of all of our property exceeds our liabilities, or, where throughout the taxation year the cost amount to us of our Qualifying Property equals or exceeds two-thirds of the cost amount of all of our property, our liabilities do not exceed five times the amount by which the cost amount to us of all of our property exceed our liabilities.

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

Tax Payable by Us

Under the Tax Act, a MIC does not pay income tax as long as it distributes its net income and any taxable capital gains to its shareholders within 90 days after each financial year end. Due to changes in the International Financial Reporting Standards, a MIC might be subject to pay income taxes in respect of its reserve for loan losses. The amount of this tax payable by us is expected to be negligible.

Tax Payable by You

The distributions you receive on your Series 1 Shares, whether you take such distributions in cash or as new Series 1 Shares, may result in you having to pay tax. **If tax is payable, the tax on the net income component of each distribution will be payable by you as if you had received interest income and the tax on the capital gain component will be payable by you in accordance with the capital gains tax rules and neither will be taxed as dividends.** The tax treatment depends on how your Series 1 Shares are held.

Series 1 Shares held in a Registered Plan

Any distributions received by a Registered Plan (other than an RRSP or RRIF) will be received on a tax-free basis so tax is not paid by you on such distributions. For an RRSP or RRIF, tax is not paid by you on such distributions until they are withdrawn from the RRSP or RRIF. Furthermore, until withdrawn, any income earned on such distributions (for example, interest) within an RRSP or RRIF is also earned on a tax-deferred basis.

Series 1 Shares held outside of Registered Plans

If you are an individual and hold your Series 1 Shares outside of a Registered Plan you must declare distributions received by you from us as taxable interest and if the distribution includes a capital gain component, the tax payable on that component is subject to the usual capital gains tax. This is the case whether the distributions were paid to you in cash or through additional Series 1 Shares. The amount of the distribution you receive is based on the number of Series 1 Shares you own. The nature of the distribution (that is, whether it is taxed as interest or as a capital gain) depends on how we initially received the funds – as interest or a capital gain. After the end of each calendar year, we will issue a T5 reporting slip to you indicating how much of your distributions are income and how much are capital gains.

Repurchase of Shares

If we repurchase your Series 1 Shares, you will usually receive $1.00 per Share repurchased. In certain cases, however, you may receive less than $1.00 per Share in which case you will realize a capital loss. Since, as a MIC, we annually distribute all of our net income and taxable capital gains without paying any tax thereon, it is unlikely you will receive more than $1.00 per Series 1 Share repurchased.

Amounts paid by us on the repurchase of a Series 1 Share, up to the paid-up capital thereof, will be treated as a tax-free return of capital to you and will reduce the adjusted cost base ("**ACB**") of your Series 1 Shares.

If you receive less than $1.00 per Series 1 Share repurchased, the capital loss resulting from the repurchase of your Series 1 Shares will be equal to the remaining ACB of your Series 1 Shares (which is calculated in accordance with the requirements set out in the Tax Act). Capital losses may be applied (depending on your circumstances) to capital gains to reduce your overall tax payable. We will provide you with details on the proceeds from our repurchase of your Shares and the paid-up capital thereof. However, to calculate your capital loss, you need to know the ACB of your Series 1 Shares before such repurchase.

8.3 Eligibility for RRSPs and Other Registered Plans

Our Series 1 Shares will not be prohibited investments under the Tax Act if, at all times, the account holder of the TFSA, or the annuitant of the RRSP or RRIF, deals at arm's length with us, and is not a "specified shareholder" (as defined in the Tax Act) of ours. Generally, a specified shareholder is a taxpayer who, together with non-arm's length persons, holds, directly or indirectly, 10% or more of the issued shares of any class of shares of a company. Non-arm's length persons include persons related to the taxpayer by blood, marriage, "common law" partnership or adoption, companies controlled by the investor, a related group containing the investor or persons related to the investor or anyone in such group, trusts of which the taxpayer is a beneficiary and partnerships of which the taxpayer is a member.

Our Series 1 Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder for Registered Plans assuming we qualify as a MIC throughout our taxation year and we do not hold, throughout the calendar year, any indebtedness, such as a mortgage, of a connected person under the Registered Plan. A connected person under a Registered Plan is, for the purposes of the Tax Act, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Registered Plan and any person who does not deal at arm's length with that person.

Item 9 – COMPENSATION PAID TO SELLERS AND FINDERS

We have retained Drake Financial Ltd., an arm's length private company registered as an exempt market dealer in British Columbia and Alberta, as our agent to sell our Series 1 Shares in those provinces on a "best efforts" basis. We pay Drake an annual fee of $300 per investor for such services. The retainer may be terminated by either party upon 60 days written notice.

We may also pay commissions and fees to other exempt market dealers and registered securities dealers in consideration of their sale of our Series 1 Shares to qualified investors. Such commissions and fees will be negotiated on a case-by-case basis and may involve up-front cash commissions, "trailing" fees (paid over time while the investor continues to hold our Series 1 Shares) or other fees, the amounts of which will not exceed commissions and fees normally paid in the securities industry. Such commissions and fees may be paid from our income or deducted, for fixed fees and commissions, from the subscription funds provided by an investor and, for trailing fees, from income distributions made to such investor. Investors who purchase Shares with the assistance of a dealer may be requested by the dealer to pay a commission in addition to the subscription price.

Item 10 – RISK FACTORS

Nature of a Mortgage Investment Corporation

When you invest in a MIC you do so by buying its shares. The MIC then invests the money raised from you and a group of investors with similar investment objectives in mortgages that are professionally managed by the MIC and its manager.

As a result, when you buy shares of a MIC you are indirectly buying an interest in these underlying mortgages. The value of your investment is determined by the performance of these underlying mortgages so you and the investors in the MIC share in any gains or losses generated by the MIC from these mortgages.

Generally, you can sell your shares back to the MIC (in other words, the MIC will repurchase your shares) in order to take your money out of the MIC. When you sell your shares back to the MIC, the value of your original investment may have increased or decreased.

How risk is related to return

Generally, there is a strong relationship between the amount of risk associated with a particular investment, and that investment's long-term potential to increase in value.

Investments that have a lower risk also tend to have lower returns because factors that can affect the value of the investment, the risks, are well known or are well controlled and have already been worked into the price of the investment. On the other hand, investments that could have potentially higher returns if conditions for success are favourable also risk generating equally higher losses if conditions become unfavourable. This is because the factors affecting the value of such investments are unknown or difficult to control.

What are the risks of investing in MICs?

Like any investment, there are risks associated with investing in MICs. The specific risks that can apply to us are explained below.

Your Investment is Not Guaranteed

Unlike bank deposits and guaranteed investment certificates (GICs) or money you have deposited in a bank account, your investment in a MIC is not guaranteed by the Canada Deposit Insurance Corporation, by any other government insurer or by us. You could, therefore, lose some or all of your investment.

The Security for Our Loans Often Ranks Second to Other Loans

As at the date of this Offering Memorandum, a significant portion of the principal amount of loans made by us is secured by second mortgages. See the three tables on pages 6 and 7 for details of the mortgages held by us.

Second mortgages rank second in priority to first mortgages. As a result, a lender holding a first mortgage will have priority to the net proceeds from the sale of the property should the borrower default. Thus, the loan payable, including any accrued interest, penalties and fees, under the first mortgage will be paid to its holder before we, as the second mortgage lender, receive any funds. Additionally, any outstanding property liens will also be paid before the holder of the second mortgage receives payment from the balance, if any, of funds remaining.

This prioritization of claims significantly increases the risk for second mortgages in the event of a default by a borrower followed by a sale of the mortgaged property, since there may be insufficient funds remaining after satisfying the first mortgage and other senior claims to fully repay the principal, interest, penalties and fees secured by the second mortgage. This can lead to losses, particularly if the value of the mortgaged property decreases.

The Security for Our Loans will Fluctuate in Value

The value of a MIC's investments (that is, the loans it has made) and the value of the security for those investments (that is, the properties against which the mortgages securing the loans are registered) will change from time to time due to events beyond our control. While we endeavour to minimize our exposure to such fluctuations (and the resulting risk to our investors) by restricting our loans to 75% (or less) of the value of the security for such loans, there is a risk that the value of such security can significantly decrease in a falling real estate market. If the value of such security decreases to less than the outstanding amount due under the corresponding loan, the value of the loan would be adversely affected or impaired, which could reduce the value of your shares upon a repurchase or the amount of income distributed to you.

There is a myriad of factors that can affect the value of real estate and a MIC's loans, including:

- current economic conditions, in particular, the value of real estate;
- changes in interest rates;
- changes in governmental regulation;
- events in financial markets;
- world events such as the COVID-19 pandemic; and

- financial conditions of the borrowers to which the MIC has advanced funds.

Your Investment could Decrease in Value

As a result of the changing value of the loans and corresponding mortgages, the value of your investment in a MIC could decrease over time, and there is no guarantee that, when we repurchase your Series 1 Shares, they will be worth the price you paid for them.

Your Investment is Subject to Changes in Interest Rates

MICs are subject to interest rate risk. Our mortgage investments earn a fixed rate of interest. When interest rates rise, existing investments in mortgages become less valuable because new mortgages will pay the new, higher rate of interest. Conversely, if interest rates fall, the value of an existing mortgage with a higher rate of interest will rise.

Our Borrowers are or could become a Bad Credit Risk

Our borrowers often have incomes that are seasonal or fluctuate or they may have been refused credit from banks and other traditional financial institutions. Accordingly, our borrowers may be considered to be higher risk and, as a result, there is a risk they may not be able to, or may refuse to, pay back their loans when due. We believe our lending policy is conservative and anticipate that minimal losses will be incurred. Furthermore, if a loss does occur, it will be spread over all of our capital. Nevertheless, such losses could amount to a reduction in anticipated return on your investment or, in the worst circumstances, result in you losing your entire investment.

We might be Unable to Repurchase Your Shares

Under exceptional circumstances, we may suspend your right to require us to repurchase your Series 1 Shares for example, if the repurchase would render us insolvent or cause us not to meet the requirements for a MIC under the Tax Act.

Series 1 Shareholders have Restricted Voting Rights

Series 1 Shareholders cannot vote at annual general meetings of our shareholders in respect of the election of directors and the appointment of an auditor. Only Class B Shareholders are entitled to vote on such matters. However, matters specifically affecting the rights of Series 1 Shareholders are subject to approval by a vote of our Series 1 Shareholders.

The Loss of our Manager could Adversely Affect Our Business

We rely solely on our Manager to administer investments for us. The loss of our Manager would require us to retain another manager, possibly at a higher cost and on a less successful basis than our Manager. This would have a material adverse effect on the rate of return obtained on our capital and, therefore, on the value of your investment in our Series 1 Shares.

A Change in Tax Legislation could Adversely Affect Our Business

We have been created to comply with the MIC requirements of the Tax Act. Our Series 1 Shares are intended to appeal to individuals having Registered Plans such as RRSPs, RRIFs, TFSAs and RESPs. While it is not anticipated the provisions of the Tax Act respecting such Registered Plans will change, there is always the possibility that it could be altered so that our Series 1 Shares would no longer be eligible investments for Registered Plans. Such changes could have an adverse effect on your investment.

We intend our business to be operated so that it complies at all times with the requirements for MICs under the Tax Act. Failure to meet such requirements could have a material adverse effect on our financial performance.

The provisions of the Tax Act could be changed so that our net income and taxable capital gains could be taxable in our, rather than your, hands. This could affect the value of your investment, especially if you own our Series 1 Shares in a Registered Plan.

Risk of Dealing with Trustees

We will deal with the trustees of Registered Plans as necessary but we will not undertake any responsibility for the administration of any self-directed Registered Plans by such trustees. The trust company of your Registered Plan may impose conditions upon us with which we are unable or unwilling to comply. As a result, your trustee may refuse to allow our Series 1 Shares to be an eligible investment for your Registered Plan.

Our Shares are Subject to Restrictions on Resale

Our Series 1 Shares are not traded on any stock exchange and may not be resold to third parties, therefore, you cannot liquidate your investment through selling your Series 1 Shares. See Item 12 "Resale Restrictions".

Item 11 – REPORTING OBLIGATIONS

We are not required to send to you any documents on an annual or ongoing basis.

11.1 Corporate Requirements

The *Business Corporations Act* (British Columbia) requires us to hold a general meeting of our Class B Shareholders (but not of our Series 1 Shareholders since the Series 1 Shares are non-voting) in each calendar year and, prior to or at the meeting, to provide them (but not our Series 1 Shareholders) with audited financial statements for the previous financial year and, if the previous financial year ended more than six months before the issuance of such financial statements, to also provide audited financial statements for a financial period ending within such six month period. Instead of providing our annual financial statements at the meeting, we mail or electronically deliver them to our Class B Shareholders and to each Series 1 Shareholder together with the notice for our annual general meeting of Class B Shareholders held in the fall of each year. At the same time, we send a letter to shareholders reporting on our previous year's business.

From time to time, we may send out on our own accord, or in response to a request from one or more shareholders, further information to all shareholders such as a reporting letter and interim financial statements.

11.2 Corporate and Securities Information

We are not a "reporting issuer" under Canadian securities legislation and our Series 1 Shares are not publicly traded, nor will we become a reporting issuer or our Series 1 Shares become publicly traded following the completion of the offering. Since we are not a reporting issuer and our Series 1 Shares are not publicly traded, no corporate or securities information about us is available from a securities regulatory authority, stock exchange or quotation and trade reporting system and we are not required to issue press releases or to send to you our interim financial statements, management's discussion and analysis respecting such statements or annual reports unless, if we have investors resident in Alberta, we will file our audited annual financial statements with the Alberta Securities Commission within 120 days of our financial year end. Such financial statements and other information will be available on our website or from us at the phone and fax numbers and e-mail address set out on the front cover. Further, some securities information about previous offerings is available from SEDAR+ at www.sedarplus.ca and the British Columbia Securities Commission at www.bcsc.bc.ca.

Item 12 – RESALE RESTRICTIONS

12.1 Shares not Tradable

Our Series 1 Shares offered by this Offering Memorandum will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the

Shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these restrictions, you should consult a lawyer.

12.2 Restricted Period

Unless permitted under securities legislation, you cannot trade the securities [Series 1 Shares] before the date that is four months and a day after the date on which we become a reporting issuer in any province or territory of Canada.

We are not currently a reporting issuer in any Canadian province or territory, we will not become a reporting issuer upon completion of the offering and we do not anticipate becoming a reporting issuer. Accordingly, the resale restriction on any Series 1 Shares you acquire under the offering may never expire.

Item 13 – PURCHASERS' RIGHTS

If you purchase these securities [Series 1 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 securities [Series 1 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 securities [Series 1 Shares].

13.2 Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) us to cancel your agreement to buy these securities [Series 1 Shares]; or

(b) for damages against us, our directors as at the date of this Offering Memorandum and every signatory to this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities [Series 1 Shares].

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities [Series 1 Shares]. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities [Series 1 Shares].

If you sue for damages, the amount you may recover will not exceed the price that you paid for your securities [Series 1 Shares] and will not include any part of the damages that we prove does not represent the depreciation in value of the securities [Series 1 Shares] resulting from the misrepresentation. We have a defence if we prove that you knew of the misrepresentation when you purchased the securities [Series 1 Shares].

13.3 Contractual Rights of Action in the Event of a Misrepresentation

If the securities legislation where you are resident does not provide a comparable statutory right and there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue us:

(a) to cancel your agreement to buy these securities [Series 1 Shares]; or

(b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities [Series 1 Shares] and will not include any part of the damages that we prove does not represent the depreciation in value of the securities [Series 1 Shares] resulting from the misrepresentation. We have a defence if we prove that you knew of the misrepresentation when you purchased the securities [Series 1 Shares].

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities [Series 1 Shares]. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities [Series 1 Shares].

Item 14 – FINANCIAL STATEMENTS

Following are our audited financial statements for our last two completed financial years.

smythe

BLUE PEARL MORTGAGE INVESTMENT CORPORATION

Financial Statements
Years Ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BLUE PEARL MORTGAGE INVESTMENT CORPORATION

Opinion

We have audited the financial statements of Blue Pearl Mortgage Investment Corporation (the "Company"), which comprise:

- the statements of financial position as at September 30, 2024 and 2023;
- the statements of operations and comprehensive income for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 in our audits 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, 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.

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Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 16, 2024

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BLUE PEARL MORTGAGE INVESTMENT CORPORATION
Statements of Financial Position
As at September 30
(Expressed in Canadian Dollars)

		2024		2023
Assets				
Cash	$	890,957	$	817,594
Mortgages Receivable (note 6)		3,013,646		1,847,552
Amounts Receivable (note 7)		61,282		28,024
Interest and Deal Fees Receivable (note 6)		108,435		20,467
	$	4,074,320	$	2,713,637
Liabilities				
Accounts Payable and Accrued Liabilities	$	24,950	$	23,500
Deferred Revenue		84,895		96,043
Redeemable Preferred Shares (note 8)		3,667,861		2,407,520
	$	3,777,706	$	2,527,063
Shareholders' Equity				
Share Capital (note 8)	$	11	$	11
Retained Earnings		296,603		186,563
		296,614		186,574
	$	4,074,320	$	2,713,637

Approved on behalf of the Board:

"Nitesh Prakash" (signed)
.... Director

"Stephanie Viaje" (signed)
.... Director

See notes to financial statements.

BLUE PEARL MORTGAGE INVESTMENT CORPORATION

Statements of Operations and Comprehensive Income
For the years ended September 30
(Expressed in Canadian Dollars)

		2024		2023
Revenues				
Interest	$	335,905	$	185,444
Fees		41,390		26,724
		377,295		212,168
Expenses				
Professional fees (note 7)		62,372		45,569
Management fees (note 7)		67,469		51,121
Office (note 7)		6,579		5,521
Referral fees		1,500		-
Bank charges (note 7)		459		443
		138,379		102,654
Gain on forgiveness of accounts payable (note 7)		67,469		51,121
Recovery of expenses (note 7)		18,500		51,533
Income for year before distributions	$	324,885	$	212,168
Distributions to preferred shareholders (note 8)		(214,845)		(204,751)
Net Income and Comprehensive Income	$	110,040	$	7,417

See notes to financial statements.

BLUE PEARL MORTGAGE INVESTMENT CORPORATION
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Voting Preferred Shares	Share Capital	Retained Earnings	Total
Balance, September 30, 2022	11	$ 11	$ 179,146	$ 179,157
Net income for the year	-	-	7,417	7,417
Balance, September 30, 2023	11	$ 11	$ 186,563	$ 186,574
Net income for the year	-	-	110,040	110,040
Balance, September 30, 2024	11	$ 11	$ 296,603	$ 296,614

See notes to financial statements.

BLUE PEARL MORTGAGE INVESTMENT CORPORATION

Statements of Cash Flows
Year ended September 30, 2024
(Expressed in Canadian Dollars)

	2024	2023
Operating Activities		
Net income	$ 110,040	$ 7,417
Items not affecting cash		
Gain on forgiveness of accounts payable	(67,469)	(51,121)
Distribution to preferred shareholders in preferred shares	158,516	144,151
Changes in non-cash working capital		
Mortgages issued	(2,234,996)	(926,052)
Mortgages repaid	1,068,902	1,102,761
Amounts receivable	34,211	59,974
Interest and deal fees receivable	(87,968)	(15,256)
Accounts payable and accrued liabilities	1,450	-
Deferred revenue	(11,148)	60,571
Cash Provided by (Used in) Operating Activities	(1,028,462)	382,445
Financing Activities		
Proceeds on issuance of preferred shares	1,595,805	556,134
Redemption of preferred shares	(493,980)	(595,817)
Cash Provided by (Used in) Financing Activities	1,101,825	(39,683)
Change in Cash	73,363	342,762
Cash, Beginning of the Year	817,594	474,832
Cash, End of the Year	$ 890,957	$ 817,594

Supplemental Cash Flow Information		
Dividends paid in cash to preferred shareholders	56,329	60,600

See notes to financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Blue Pearl Mortgage Investment Corporation (the "Company") is a private company incorporated pursuant to the laws of the *Business Corporation Act* of British Columbia. The principal business of the Company is to originate and manage long-term income generation through a portfolio of interests in mortgages underwritten on real property. The Company qualifies as a mortgage investment corporation ("MIC") under section 130.1 of the *Income Tax Act* (Canada), and as such is able to make distributions to its preferred shareholders on a pre-tax basis, provided that its taxable income is paid to its holders in the form of dividends within 90 days of the Company's fiscal year end. During the year ended September 30, 2024, the weighted average annual return to preferred shareholders was 10.69% (2023 - 9.14%). The return to preferred shareholders was paid to preferred shareholders within 90 days of September 30, 2024, as described above (note 8). During the year ended September 30, 2024, the Company's management company, Blue Pearl Investment Ltd. (hereinafter referred to as the "Manager"), forgave 100% of management fees (note 7).

The Company's office is located at Unit 200 - 5570 152nd Street, Surrey, BC V3S 5J9.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

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

The financial statements were reviewed and authorized for issue by the directors on December 16, 2024.

(b) Basis of Presentation

The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss ("FVTPL"), which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. All values are rounded to the nearest dollar, unless otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES

(a) Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the period.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods, and there are no known trends, commitments, events, or uncertainties that we believe will materially affect the methodology or assumptions utilized in making those estimates and judgments in these financial statements.

Estimate and Judgment

Classification of preferred shares

Judgment is required in applying International Accounting Standard ("IAS") 32 *Financial Instruments: Presentation* to determine the classification of preferred shares as liability or equity instruments.

Recoverability of mortgages receivable

Judgment is required to make an assessment of the impairment of mortgages receivable. Mortgages receivable are considered to be impaired only if objective evidence indicates that one or more events have occurred after its initial recognition, that have a negative effect on the estimated future cash flows of that asset. The estimate for the recoverable value of the mortgage receivable includes an assessment of historical loan collection, payment history, the value of security underlying the mortgage and may include assumptions regarding local real estate market conditions, interest rates, and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated recoverable value could vary by a material amount.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments

Financial assets

Initial recognition and measurement

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVOCI"), or measured at FVTPL. A financial asset measured at amortized cost and FVOCI is recognized initially at fair value plus transaction costs directly attributable to the asset. A financial asset measured at FVTPL is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred.

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI, or FVTPL. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as FVTPL.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at fair value through profit or loss

Financial assets measured at FVTPL are carried in the statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at FVOCI are measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method net of any impairment allowance.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial assets (Continued)

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial liabilities (Continued)

Impairment of assets

The Company assesses financial assets for impairment at the end of the reporting period using the expected credit loss ("ECL") model. The ECL model is forward looking and results in a provision for losses being recorded on the financial statements regardless of if there has been a loss event. ECLs are the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received.

The ECL model uses a three-stage impairment approach based on changes in the credit risk of the financial asset since initial recognition. The three stages are as follows: Stage 1 – financial assets that have not experienced a significant increase in credit risk since initial recognition. Stage 2 – financial assets that have experienced a significant increase in credit risk between initial recognition and the reporting date. Stage 3 – financial assets for which there is objective evidence of impairment at the reporting date. The Company considers a number of factors when assessing if there has been a significant increase in credit risk.

(c) Preferred shares

Preferred shares that are redeemable on demand at the option of the holder are recorded on the statement of financial position as a liability at their par value as at the date of issue. Dividends are recognized as an expense in profit or loss in the period declared.

(d) Revenue recognition

The Company's main source of revenues are interest and deal fees from its mortgages receivable. Interest income is recognized as earned over the term of the mortgage at the stated interest rate. Deal fees are recognized in profit or loss on a straight-line basis over the term of the mortgage. Unearned revenue represents interest and deal fees received in advance.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Income taxes

The *Income Tax Act* (Canada) permits MICs to deduct taxable dividends paid during the year or within 90 days after fiscal year end in calculating taxable income for the year. Management of the Company intends to follow the policy of annually distributing all taxable income to the shareholders by dividend, and in accordance with this policy, no provision for income taxes has been recorded in these financial statements.

(f) Return to preferred shareholders

Return to preferred shareholders is a non-IFRS measure and is calculated by dividing the profit or loss for the period before distributions by the weighted average number of preferred shares outstanding during the period.

(g) Mortgages receivable

Mortgages receivable are classified as financial assets at amortized cost and are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgages receivable are measured at amortized cost using the effective interest method, less any impairment losses. The Company's business model is to hold the mortgages receivable to collect cash flows that represent solely payments of principal and interest.

The mortgages receivable are assessed at each reporting date to determine whether there is objective evidence of impairment. The Company uses the ECL model to determine the provision for credit losses.

Losses are recognized in the statement of operations and comprehensive income and reflected in an allowance account against the carrying value of the financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. The previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not equal its amortized cost at the reversal date.

4. FINANCIAL INSTRUMENTS

The Company classifies its cash as FVTPL; mortgages receivable, interest and deal fees receivable and amounts receivable at amortized cost; accounts payable and accrued liabilities, deferred revenue and redeemable preferred shares at amortized cost.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk in respect of its cash by placing its cash balances at a major Canadian financial institution.

The Company is also exposed to credit risk with respect to its mortgages and interest and deal fees receivable. Interest and deal fees receivable are current. The Company follows a program of credit evaluations of mortgagees, has a registered charge on the underlying property, and mortgages mature within 12 months. The Company maintains a provision for potential credit losses. There have been no such realized losses to date. As at September 30, 2024, the Company has recorded a provision for mortgage losses of $nil (2023 - $nil).

The Company's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at September 30, 2024 is represented by the respective amounts of the relevant financial assets in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities and redeemable preferred shares.

Accounts payable and accrued liabilities are due within 90 days of year end. Preferred shares are redeemable at $1 per share at the option of the holder subject to certain restrictions.

The Board of Directors may determine at their discretion to not redeem Class A Non-Voting Participating Series 1 Shares of the Company if such redemption would cause the Company to cease being qualified as a mortgage investment corporation pursuant to the provisions of the Income Tax Act (Canada), or if to do so would render the Company insolvent.

(c) Market risk

Market risk is the risk that the fair value of the collateral securing any of the mortgages receivable falls to a level approaching the mortgage amount. The Company ensures that it is aware of real estate market conditions in the regions in which it operates and monitors real estate market trends and lending practices. Policies are adjusted when necessary.

4. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's mortgages receivable are at fixed interest rates. Therefore, the Company is not exposed to interest rate cash flow risk during the terms of the mortgages. The Company is exposed to interest rate price risk, as the fair value of the mortgages receivable will fluctuate if market rates differ from the interest rates of the mortgages. Due to the short-term nature of these financial instruments, fluctuations in market rates of interest do not have a significant impact on future cash flows.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk, as it holds no financial instruments whose value changes due to changes in market prices.

(f) Fair value

The Company's mortgages receivable, interest, and deal fees receivable, amounts receivable, accounts payable and accrued liabilities and deferred revenue are short-term in nature, and therefore the carrying values approximate fair values. The Company's redeemable preferred shares are measured at their redemption value which approximates the fair value. The Company's cash is measured using a level 1 measure of fair value within the fair value hierarchy.

(Expressed in Canadian Dollars)

5. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to preserve preferred share values, provide preferred shareholders with stable dividends and use leverage in a conservative manner to improve return to preferred shareholders. There have been no changes to the Company's approach to capital management during the year.

The capital structure of the Company consists of issued and outstanding preferred shares. The Company manages its capital by using financial leverage as required to improve its return to preferred shareholders. The Company is not subject to any externally imposed capital requirements.

6. MORTGAGES RECEIVABLE

The mortgages receivable bear interest at rates ranging from 6% to 16% per annum (2023 - 6% to 15%), with a weighted average rate of 12.4% (2023 - 9.2%). The mortgages receivable individually mature within the next twelve months and are renewed subject to good standing and credit risk analysis. Following is a schedule of amounts outstanding as at September 30, 2024 and 2023:

		2024		**2023**
Mortgages receivable	$	3,013,646	$	1,847,552
Provision for mortgage losses		-		-
Balance, September 30	$	3,013,646	$	1,847,552

As at September 30, 2024, interest and deal fees receivable related to mortgages receivable totaled $108,435 (2023 - $20,467).

7. RELATED PARTY TRANSACTIONS

The Company has entered into a Management Agreement dated October 13, 2017 with the Manager, under which the Manager manages the business of the Company in consideration for a fee.

The Manager has been delegated the responsibility for planning, directing, and controlling activities of the Company directly or indirectly. The Manager's key management personnel include certain directors in common with the Company.

The Manager charges a monthly fee for its mortgage servicing and administrative services equal to the aggregate sum of: 1/12 of 1% per month (1% per annum) of the aggregate outstanding balance of the Company's total assets (after deduction of provisions for losses) and a monthly management fee of 1/12 of 1% per month (1% per annum) of the aggregate outstanding balance of the Company's total assets (after deduction of provisions for losses) calculated as of the last day of the month.

7. RELATED PARTY TRANSACTIONS (Continued)

For the year ended September 30, 2024, the Manager charged $67,469 (2023 - $51,121) in mortgage servicing and administrative fees to the Company. During the year ended September 30, 2024, the Manager waived 100% (2023 - 100%) of their mortgage servicing and administrative services fees amounting to $67,469 (2023 - $51,121) resulting in a gain on forgiveness of accounts payable of $67,469 (2023 - $51,121).

During the year ended September 30, 2024, the Manager reimbursed professional fees, office expenses and bank charges totaling $18,500 (2023 - $51,533) to the Company. Included in amounts receivable as at September 30, 2024 is $61,282 (2023 - $28,024) due from the Manager for funds advanced and expenses incurred by the Company to be reimbursed by the Manager. Amounts receivable from the Manager are non-interest bearing and due on demand.

8. SHARE CAPITAL

(a) Authorized

- An unlimited number of Preferred Class A Non-Voting shares with a par value of $1 each.
- 10,000,000 Preferred Class A Non-Voting Series 1 shares with a par value of $1 each.
- An unlimited number of Preferred Class B Voting Non-Participating shares with a par value of $1 each.

(b) Issued

Preferred Class A Non-Voting Series 1 shares

The Preferred Class A Non-Voting Series 1 (“Class A”) shares participate in the profits of the Company, but such shares are non-voting and the directors will determine annually the amount of dividends payable on the shares. Class A shares are redeemable at $1 per share at the option of the holder subject to certain restrictions. The Company shall not redeem Class A shares of the Company if such redemption would cause the Company to cease being qualified as a mortgage investment corporation pursuant to the provisions of the *Income Tax Act* (Canada). Pursuant to the redemption rights the Class A shares are classified as financial liabilities.

During the year ended September 30, 2024, the Company issued 1,595,805 (2023 - 556,134) Class A shares for gross proceeds of $1,595,805 (2023 - $556,134). The Company redeemed 493,980 (2023 - 595,817) Class A shares for a gross disbursement of $493,980 (2023 - $595,817).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

(b) Issued (Continued)

Preferred Class A Non-Voting Series 1 shares (Continued)

During the year ended September 30, 2024, the Company issued 158,516 (2023 - 144,151) Class A shares at a value of $158,516 (2023 - $144,151) as stock dividends. Cash dividends of $56,329 (2023 - $60,600) were also paid for total distributions to Class A shareholders of $214,845 (2023 - $204,751).

As at September 30, 2024, the Company had the following Class A shares outstanding:

	Number of Preferred Shares		Value of Preferred Shares
Balance, September 30, 2022	2,303,052	$	2,303,052
Preferred share redemptions	(595,817)		(595,817)
Preferred share subscriptions	556,134		556,134
Distributions in the form of preferred shares	144,151		144,151
Balance, September 30, 2023	2,407,520	$	2,407,520
Preferred share redemptions	(493,980)		(493,980)
Preferred share subscriptions	1,595,805		1,595,805
Distributions in the form of preferred shares	158,516		158,516
Balance, September 30, 2024	3,667,861	$	3,667,861

Subsequent to the year ended September 30, 2024, the Company issued 259,610 Preferred Class A Non-Voting Series 1 shares for $259,610 as a stock dividend and paid cash dividends of $65,275 for total distributions to Preferred Class A Non-Voting Series 1 shareholders of $324,885. Distributions to Preferred Class A Non-Voting Series 1 shareholders are presented as an expense in the statements of operations and comprehensive income in the period declared.

Preferred Class B Voting Non-Participating shares

The Preferred Class B Voting Non-Participating ("Class B") shares are voting but do not participate in the profits of the Company. The issued Class B shares are not subject to calls, assessments, pre-emptive rights, or conversion rights.

During the years ended September 30, 2024 and 2023, no Class B shares were redeemed or issued.

Item 13 – DATE AND CERTIFICATE

Dated: **January 2, 2025**

This Offering Memorandum does not contain a misrepresentation.

The Issuer

Nitesh Prakash
Nitesh Prakash (Feb 24, 2025 10:11 PST)

(signed) NITESH PRAKASH
President
(*de facto* chief executive officer and chief financial officer)

On Behalf of the Directors

Stephanie Viaje
Stephanie Viaje (Feb 24, 2025 10:12 PST)

(signed) STEPHANIE L. VIAJE
Director

HDhillon
Harpreet Dhillon (Feb 24, 2025 10:15 PST)

(signed) HARPREET S. DHILLON
Director