

**CONFIDENTIAL
OFFERING MEMORANDUM**

MAY 1, 2024



CANNECT MORTGAGE INVESTMENT CORPORATION

**CANNECT MORTGAGE INVESTMENT CORPORATION
OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS**

Date: May 1, 2024

The Issuer **CANNECT MORTGAGE INVESTMENT CORPORATION** (the “**Corporation**” or “**Connect**”)

Head office: 83 Navy Wharf Court, Main Floor, Toronto, Ontario M5V 3S3

Telephone no.: 416-766-9000

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Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting issuer? No.

SEDAR filer? Yes.

The Offering

Securities offered: Redeemable, retractable class A preferred shares of the Corporation (the “**Class A Preferred Shares**”) and redeemable, retractable class I preferred shares of the Corporation (collectively with the Class A Preferred Shares, the “**Shares**”).

Price per security: The issue price will be \$10.00 per Share.

Maximum offering: There is no maximum offering.

Minimum offering: **There is no minimum offering. You may be the only purchaser.**
Funds available under the Offering may not be sufficient to accomplish our proposed objectives.

Minimum subscription amount: There is no minimum subscription amount an Investor (as defined herein) must invest. To qualify for the Subscription Incentive (as defined herein), there is a minimum subscription of \$25,000 (2,500 Shares).

Payment terms: There are three options for settling payment for Shares:
(i) direct deposit;
(ii) bank draft or certified cheque payable to the Corporation; or
(iii) wire transfer to the Corporation.
(iiii) electronic fund transfer

Proposed closing date(s): **Continuous offering. Closings will occur periodically at the discretion of Connect. It is contemplated that closings will occur on the 15th day of each month as subscriptions are received. See Item 4.2 – “Subscription Procedure”.**

Subscription Incentive: Subject to the terms of a share purchase agreement to be entered into with the Manager on the applicable Closing Date (as such

terms are defined herein), in the event that an Investor purchases not less than 2,500 Shares (the “**Subscribed Shares**”) and continues to be the beneficial and registered holder of not less than 2,500 Subscribed Shares between the applicable Closing Date and the date that is twelve months following the applicable Closing, the Manager will sell to such Investor for nominal consideration an additional 100 Shares. See Item 4.2 – “Subscription Procedure – Subscription Incentive”.

Income tax consequences:

There are important tax consequences to these securities. The Shares will be qualified investments for inclusion in a Canadian RRSP, RRIF, RESP, TFSA, or DPSP (as defined herein) subject to the Corporation maintaining its status as a “mortgage investment corporation”. For a more complete description, see Item 6 – “Income Tax Consequences”.

Selling agent:

Meadowbank Asset Management Inc. (“**Meadowbank**”). See Item 7 – “Compensation Paid to Sellers and Finders”.

Insufficient Funds

Funds available under the Offering may not be sufficient to accomplish the proposed objectives. See Item 2.6 – “Insufficient Proceeds”.

Compensation Paid to Sellers and Finders

A person has received or will receive compensation for the sale of the Shares under this Offering. See Item 7 – “Compensation Paid to Sellers and Finders”.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. For a more complete description, see Item 10 – “Resale Restrictions”.

Conditions on Repurchase

You will have a right to require the Corporation to repurchase the Shares from you, but this right is qualified by the Redemption Price (as defined herein) (including any reduction thereto) and the discretion of the Board (as defined herein). As a result, you might not receive the amount of proceeds that you want. See Item 5.1 – “Terms of Securities – Retraction Rights.”

Purchaser's Rights

You have two (2) Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. For a more complete description, see Item 11 – “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. For a more complete description, see Item 8 – “Risk Factors”.

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ABOUT THIS OFFERING MEMORANDUM

No action has been or will be taken to permit a public offering of the Shares in any jurisdiction where action would be required to be taken for such purpose. Accordingly, the distribution or circulation of this Offering Memorandum and the offering and sale of the Shares may be restricted by law in certain jurisdictions. This Offering Memorandum does not constitute and may not be used for or in conjunction with an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Memorandum may have come are directed to inform themselves of and observe such restrictions and all legal requirements of their respective jurisdictions of residence in respect of the acquisition, holding and disposition of the Shares.

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

Prospective Investors (as defined herein) should thoroughly review this Offering Memorandum and are advised to consult with their own legal, investment, accounting and tax advisors concerning this investment.

All references to “dollars” or “\$” herein, unless otherwise stated, refer to Canadian currency.

RISKY INVESTMENT

There is not or may not be a market for you to sell your investment and there is no assurance that you will be able to find a buyer for this investment at a later date.

This investment is speculative and involves a high degree of risk. Prospective Investors should be aware that this investment has not only the usual risks associated with the financial ability of the Corporation to make cash distributions, but also risks associated with purchasing, developing and selling of real estate.

There is a risk that this investment will be lost entirely or in part. Only Investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider this investment. See Item 8 – “Risk Factors”.

CONFIDENTIALITY

This Offering Memorandum is confidential and has been prepared solely for delivery to and review by selected prospective purchasers of the Shares. This copy of the Offering Memorandum is personal to the person to whom it is delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Shares. Distribution of this Offering Memorandum to any person other than the person to whom it is delivered and those persons, if any, retained to advise such

person with respect hereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the Corporation is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and undertakes to make no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum or any documents relating thereto and, if such prospective purchaser does not purchase any of the Shares or the Offering is terminated, to return promptly this Offering Memorandum and all such documents to the Corporation, if so requested by the Corporation.

MARKETING MATERIALS

All marketing materials related to each distribution under this Offering Memorandum including, without limitation which are delivered or made reasonably available to a prospective purchaser before the termination of the distribution are incorporated into and form part of this Offering Memorandum.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained herein including, without limitation, as they may relate to the Corporation's financial and business prospects and the Corporation's financial outlook, may contain "forward-looking information" within the meaning of applicable securities laws, which reflect management's expectations regarding the Corporation's future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify forward-looking information. Statements containing forward-looking information reflect management's current beliefs and are based on information currently available to management and involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed or implied in the forward-looking information including, but not limited to, changes in general economic and market conditions and the risk factors described in Item 8 – "Risk Factors" or described elsewhere in this Offering Memorandum. Although the forward-looking information contained herein are based upon what management believes to be reasonable assumptions, the Corporation cannot assure that actual results will be consistent with the results expressed or implied in forward-looking information. Investors should not place undue reliance on statements containing forward-looking information. Any statements containing forward-looking information are made as of the date hereof and other than as required under applicable law the Corporation assumes no obligation to update or revise, publicly or privately, any statement containing forward looking information, whether as a result of new information, future events or other circumstances.

Statements containing forward-looking information and other information contained in this Offering Memorandum concerning the mortgage industry and management's general expectations concerning the mortgage industry are based on estimates prepared by the Corporation using data from publicly available industry sources as well as from research analysts' reports, market research and industry analysis and on assumptions made by management based on data and knowledge of the industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented in this Offering Memorandum, the estimates, particularly as they relate to management's general expectations concerning the mortgage industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Item 8 – "Risk Factors" in this Offering Memorandum.

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

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GLOSSARY OF TERMS

In addition to terms defined elsewhere in this Offering Memorandum, the following are definitions of certain terms used in this Offering Memorandum:

“**Act**” means the *Business Corporations Act* (Ontario);

“**Alberta Act**” means the *Securities Act* (Alberta);

“**Articles**” has the meaning set forth in item 2.1 of this Offering Memorandum;

“**BC Act**” means the *Securities Act* (British Columbia);

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day on which Schedule I Canadian banks are open to transact normal retail banking business in the Province of Ontario and does not include a Saturday or Sunday;

“**CAL**” means credit assist loan;

“**Cannect Inc.**” is a mortgage brokerage registered in the Province of Ontario, some of the principals of which are affiliated with the Manager;

“**Class A Preferred Shares**” means the redeemable, retractable class A preferred shares of the Corporation;

“**Class I Preferred Shares**” means the redeemable, retractable class I preferred shares of the Corporation;

“**Common Shareholders**” means those shareholders that hold Common Shares;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Corporation**” or “**Cannect**” means Cannect Mortgage Investment Corporation;

“**CRA**” means the Canada Revenue Agency;

“**DPSP**” means a deferred profit sharing plan as defined under the ITA;

“**EMD**” means an exempt market dealer;

“**Investor**” means a purchaser of Shares pursuant to this Offering;

“**ITA**” means the Income ITA (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended;

“**Management Services Agreement**” means the management services agreement dated as of June 1, 2012 by and between the Corporation and the Manager;

“**Manager**” means Cannect Capital Management Corporation, an Ontario corporation;

“**Manitoba Act**” means the *Securities Act* (Manitoba);

“**MBLAA**” means the *Mortgage Brokerages, Lenders and Managers Act, 2006*;

“**Meadowbank**” means Meadowbank Asset Management Inc.;

“**MIC**” means a mortgage investment corporation as defined under the ITA;

“**Morcan Direct**” means Morcan Direct Inc., a mortgage broker registered in the Province of Ontario, some of the principals of which are affiliated with the Manager;

“**New Brunswick Act**” means the *Securities Act (New Brunswick)*;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*;

“**Nova Scotia Act**” means the *Securities Act (Nova Scotia)*;

“**Offering**” means the offering of Shares in the capital of the Corporation as described in this Offering Memorandum;

“**Offering Memorandum**” means this offering memorandum of the Corporation dated May 1, 2024, as the same may be amended, supplemented or replaced from time to time;

“**Ontario Act**” means the *Securities Act (Ontario)*;

“**OSC**” means the Ontario Securities Commission;

“**PEI Act**” means the *Securities Act (Prince Edward Island)*;

“**Registered Dealer**” means a person or Corporation registered as an investment dealer or EMD under applicable Canadian securities laws;

“**Registered Plans**” means any one of RESP, RRIF, TFSA, DPSP and RRSP;

“**RESP**” means a registered education savings plan as defined under the ITA;

“**RRIF**” means a registered retirement income fund as defined under the ITA;

“**RRSP**” means a registered retirement savings plan as defined under the ITA;

“**Shares**” or “**Preferred Shares**” means collectively, the Class A Preferred Shares and Class I Preferred Shares;

“**Share Value**” means \$10.00 per Share;

“**Subscribed Shares**” has the meaning ascribed thereto on the face page of this Offering Memorandum;

“**Subscription Agreement**” means a subscription agreement to be executed by each Investor providing for the purchase by such Investor of Shares, which can be found at <https://connect.ca/invest/>;

“**Subscription Amounts**” means the amount of Shares subscribed for by an Investor in the Corporation multiplied by the Share Value;

“TFSA” means tax free savings account as defined under the ITA; and

“VAL” means value assist loan.

Item 1 USE OF AVAILABLE FUNDS

1.1 Net Proceeds

The net proceeds of the Offering that will be available to the Corporation, assuming the minimum and maximum offering thresholds are met, are as follows:

		Assuming minimum offering ⁽¹⁾	Assuming maximum offering ⁽²⁾
A.	Amount to be raised by this offering	\$0	\$250,000,000
B.	Selling commissions and fees	N/A	\$500,000 ⁽³⁾
C.	Estimated offering costs (e.g. legal, accounting, audit)	\$20,000	\$20,000
D.	Available funds: $D = A - (B + C)$	(\$20,000)	\$249,480,000
E.	Additional sources of funding required	\$0 ⁽⁴⁾	0
F.	Working capital deficiency	N/A	N/A
G.	Total: $G = (D + E) - F$	\$0	\$249,480,000

Notes:

- (1) There is no minimum offering.
- (2) There is no maximum offering. The amount shown is an assumed amount for illustrative purposes only.
- (3) Assumes aggregate selling commissions of [0.2]% are paid on all Shares sold. The Corporation may pay cash commissions or referral fees of up to [3]% in the aggregate to any one of, or a combination of, Registered Dealers and qualified finders who refer Investors to the Corporation. See Item 7 – “Compensation Paid to Sellers and Finders”.
- (4) If necessary, the Corporation will provide funds from existing working capital to cover estimated offering costs.

1.2 Use of Available Funds

Based on its present plans and business conditions, the Corporation expects to use the available funds as follows:

Description of intended use of available funds listed in order of priority	Assuming minimum offering ⁽¹⁾	Assuming maximum offering ⁽²⁾
Invest in mortgages as described under Item 2 – “Business of the Corporation”	\$0	\$249,480,000
Any other uses	\$0	\$0
Total	\$0	\$249,480,000

Notes:

- (1) There is no minimum offering.
- (2) There is no maximum offering. The amount shown is an assumed amount for illustrative purposes only.

1.3 Reallocation

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

Item 2 BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was formed by Articles of Incorporation dated March 19, 2010 (the “**Articles**”) under the *Business Corporations Act* (Ontario) (the “**Act**”). The Articles were amended by Articles of Amendment filed May 31, 2012 to create the Class A Preferred Shares and further amended on May 1, 2024, to create the Class I Preferred Shares. The registered office of the Corporation is located at 81 Navy Wharf Court, Main Floor, Toronto, Ontario M5V 3S3.

The Corporation is a “mortgage investment corporation” (“**MIC**”) as defined under Section 130.1 of the ITA. The Articles, including all amendments thereto, and the Corporation’s investment policies require it to conduct its operations so as to qualify as a MIC. The directors of the Corporation intend to refuse the registration of an allotment or transfer of the share capital of the Corporation, which may result in the Corporation ceasing to meet such qualification.

2.2 Our Business

General

The Corporation is a MIC as defined under the ITA (see Item 6 – “Income Tax Consequences – Status of the Corporation” for the requirements of a MIC under the ITA). As such, its business consists of the lending of money principally, although not exclusively, to individuals for the purpose of acquiring, developing, maintaining or upgrading residential real estate or other real property, against the security of a mortgage granted on such property.

The Corporation’s objective is to generate income while preserving, for its shareholders, capital for reinvestment. The Corporation has a portfolio focus on originating value added loans (“**VALs**”) and credit assist loans (“**CALs**”), as further described below, while harnessing the excellent relationships of its principals in the Canadian mortgage market.

As a result, the mortgages held by the Corporation are anticipated to earn a higher rate of interest than what is generally obtainable through conventional mortgage lending activities. Unlike mortgage mutual funds, the Corporation focuses primarily on direct mortgage lending activities instead of acquiring mortgages or fractional interests in mortgages in the secondary market. However, the Corporation may, subject to compliance with applicable regulatory requirements, engage in secondary market activities as unique opportunities arise which management of the Corporation believes to be beneficial to the Corporation and its shareholders.

The Corporation intends to conduct its mortgage lending activities on properties located in Canada and primarily, although not exclusively, in the Province of Ontario.

The Corporation is responsible for the underwriting of prospective mortgage applications, collection of payments and, where necessary, commencing enforcement proceedings against delinquent mortgagors.

The Corporation is responsible for the costs of enforcing and collecting on amounts owed to it on the Corporation's mortgage investments.

The following table summarizes the organizations involved in the management of the investments and affairs of the Corporation:

Manager	Cannect Capital Management Corporation
Principal Mortgage Brokers	Cannect Inc. and MorCan Direct (collectively, the "Principal Mortgage Brokers")
Auditor	Hogg, Shain & Scheck Professional Corporation

The Corporation does not employ resources to actively seek or originate mortgages for investment and relies primarily on the expertise of the Principal Mortgage Brokers for a regular flow of investment opportunities. To the extent that the Corporation's funds are not invested in mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or will be invested in short term deposits, savings accounts or government guaranteed income certificates so that the Corporation maintains a level of working capital for its ongoing operations considered acceptable by the directors of the Corporation. From time to time, the Corporation may obtain short-term, unsecuritized loans from entities controlled by certain principals of the Corporation or the Manager. Such loans would be used to fund particular mortgages, which the Manager feels would be advantageous to the Corporation.

The Corporation's costs with respect to the business of the Corporation shall be for the Corporation's own account including, audit, legal, shareholder communications and marketing materials.

As a MIC, for the purposes of the ITA, the Corporation will be permitted to deduct from its taxable income the dividends that are paid to its shareholders. The Corporation intends to pay out annually to its shareholders all of its net income and net realized capital gains as dividends and, as a result, the Corporation does not anticipate paying any income tax in any taxation year.

Origination

Certain of the principals of the Corporation and of the Manager are also principals in one (1) or both of the Principal Mortgage Brokers. The Corporation will work with the Principal Mortgage Brokers on the majority of the mortgages underwritten and available to the Corporation.

The Principal Mortgage Brokers will conduct due diligence on loan applications for the following purposes:

- (i) verify and confirm equity for each application including debt seniority and lender type for any existing mortgage charge or lien;
- (ii) obtain, verify and analyze borrower information such as income, credit history, etc. to determine potential for refinancing with traditional mortgage lenders such as chartered banks; and
- (iii) verify any potential means of loan repayment, such as the presence of a sales contract for the subject property.

The Corporation provides the Principal Mortgage Brokers with its lending requirements and promotional materials to assist the Principal Mortgage Brokers in obtaining borrowers for the Corporation. However, the Principal Mortgage Brokers are not permitted to do the following:

- (i) represent to any potential borrower that it can guarantee a mortgage commitment from the Corporation; or
- (ii) bind or obligate the Corporation in any matter.

The Corporation may work with other mortgage brokers from time to time to originate loans subject to the same underwriting standards as those applicable to the Principal Mortgage Brokers.

Investment Strategies

The Corporation will make direct investments in a diversified portfolio of mortgages on (i) real or immovable property, which may be comprised of commercial, construction or raw land, and (ii) residential properties, which may be comprised of single-family dwellings, duplexes, townhouses, condominium units or multiple family dwellings, such as apartment buildings. The portfolio of mortgages will primarily consist of property located in Ontario.

The Corporation's typical investment will be a residential loan with a term of one (1) year or less, secured by either a first or subsequent mortgage against residential property. The Corporation will abide by the following policies and:

- (i) will make loans in amounts of up to 85% of the fair market value of the mortgaged property, subject to certain restrictions, as more fully set out under "**Investment Policies**", for initial terms of up to five (5) years;
- (ii) may, from time to time, engage in bridge financing activities including the financing of new home construction;
- (iii) will make VALs;
- (iv) will make CALs;
- (v) will generally invest in closed mortgages carrying a fixed rate of interest and terms of one (1) year or less, as described under Item 2 – "Business of the Corporation – Our Business – Investment Strategies – Non-Conventional Mortgage Financing";
- (vi) targets holding a cash or near cash position equal to approximately 5% of its total assets; and
- (vii) will submit to other sources of financing, mainly other MICs, any loan applications which do not meet the lending criteria of the Corporation.

While these represent the Corporation's current intentions, changes to the ITA or other legislative changes may require alterations to be made in the Corporation's operating procedures in order to comply with and implement such changes.

Value Added Loans

The Corporation offers a financial product to borrowers called a “VAL”. The VAL is a short term loan secured by mortgage, and other security registrations, against a borrower's other unencumbered collateral such as equity in a second piece of real property. The purpose of the VAL is to effectively provide the borrower with the capital required to increase the value of their property or their personal covenant. The business case supporting the VAL is that the short term VAL bridge loan can decrease the cost of capital for borrowers who are increasing the value of a piece of real property for a short period of time or require assistance to repair their covenant.

Credit Assist Loans

The Corporation also offers a financial product to borrowers called a “CAL”. The CAL is a short term loan secured by a mortgage and other security registrations against a borrower's other unencumbered collateral, such as equity in a second piece of real property. The purpose of the CAL is to repair the borrower’s credit making the borrower more marketable to a financial institution.

Non-Conventional Mortgage Financing

The Corporation's business also consists of: (a) lending money principally, although not exclusively, to individuals for the purposes of acquiring, developing, maintaining or upgrading residential and other real property, against the security of a mortgage granted on such property; (b) providing financing for VAL transactions; (c) providing mortgage financing for certain commercial properties; and (d) construction financing secured by mortgages against the property to be improved. The purchase of a single security, namely, the Shares, allows an investor to participate with other investors in a common fund holding a variety of mortgages and VALs.

Debt Leverage

The Corporation plans to seek debt financing (such as a line of credit) from a bank or other financial institution, which debt may be secured against the Corporation’s mortgage portfolio, and the proceeds of any such loans shall be used to provide additional sources of financing capital for transactions. There is no guarantee that the Corporation will be successful in securing such financing or securing such financing at rates which make such funding commercially viable.

Operating Restrictions

The Corporation's investment practices are subject to certain operating, lending and other restrictions which may be adopted by the Board, from time to time. Presently, the Corporation may not:

- (i) guarantee securities or obligations of any person or Corporation;
- (ii) engage in securities lending;
- (iii) engage in derivative transactions for any purpose;
- (iv) develop, manage or acquire (except by foreclosure or other enforcement of its rights as mortgagee) any real property;

- (v) enter into a forward commitment binding on the Corporation unless the Corporation has, at the time such commitment is made, sufficient cash or “near cash” securities to fund the loan to which the commitment relates; or
- (vi) otherwise conduct its business in a manner that would cause the Corporation not to qualify as a MIC under the ITA or that would result in the Shares not being a “qualified investment” for an RRSP, RRIF, RESP, TFSA and DPSP under the ITA.

Operating Policies

In addition to the foregoing operating restrictions, the Corporation has adopted the following operating policies:

- (i) the Corporation will obtain title insurance in respect of real property provided as security for a mortgage loan in such amounts and on such terms as the Corporation considers appropriate or, in the alternative, will obtain a favourable title opinion from a solicitor;
- (ii) the Corporation may, from time to time, establish and maintain property tax escrow accounts in respect of real estate property provided as security for a mortgage loan where the Corporation has determined, under limited and exceptional circumstances, that the establishment of such an account is necessary; and
- (iii) the legal title to each mortgage and other investments of the Corporation must be held by and registered in the name of the Corporation.

Investment Policies

The Corporation has adopted policies which establish the investment criteria for the Corporation's investments, as follows:

- (i) the Corporation is required to have at all times approximately 5% of its total assets in cash, “near-cash” securities (such as term deposits, guaranteed investment certificates or money market securities) or have cash readily accessible (for example, through a line of credit) in order to meet redemption requests and also to be in a position to redeem a prior mortgagee's interest in a given property if the Corporation considers that it would be advantageous for the Corporation to do so having regard to the market value of the property and the amount of mortgage debt due to the Corporation;
- (ii) the Corporation may not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is a shareholder of the Corporation or of any other person who does not deal at arm's length with the annuitant of an RRSP, RRIF, RESP, TFSA or DPSP that holds Shares or any other person who does not deal at arm's length with such annuitant, beneficiary or employer, as the case may be;
- (iii) the Corporation may not make any loan or investment which does not meet the “Canadian content” requirements of paragraph 130.1(6)(c) of the ITA;

- (iv) the Corporation may not make a loan which, together with all other mortgage loans that have priority over or rank *pari passu* with such loan, exceeds 85% of the fair market value of the mortgaged property, except when: (a) such mortgage is insured under the *National Housing Act* (Canada) or any similar legislation of a Canadian province or territory; or (b) the excess over 90% is insured by an insurance Corporation registered or licensed under the *Insurance Companies Act* (Canada) or similar legislation of a Canadian province or territory;
- (v) the Corporation may not make a loan secured by a mortgage on a property in which: (a) any senior officer or director of the Corporation or the Manager, or (b) any associate or affiliate of a person referred to in (a), has an interest as mortgagor; and
- (vi) the Corporation may not hold a mortgage the term of which exceeds five (5) years, but mortgages held by the Corporation may contain provisions permitting the mortgagor, when not in default, to renew the mortgage for one (1) or more additional terms.

The Corporation will underwrite mortgage applications upon receipt of a recommendation delivered by the Manager and upon the agreement of the Board, or its investment committee, if applicable. The Corporation will or will cause the proper registration of mortgage documents in the name of the Corporation to support approved mortgages, administer the collection of regular mortgage payments, confirm that realty taxes are paid and that property insurance is maintained on properties that secure the Corporation's mortgages, administer enforcement of any defaulted mortgages and such other accounting and administrative functions that are required in relation to the Corporation's administration of its mortgage portfolio.

The decision to underwrite a particular loan involves an analysis of both the prospective borrower and the proposed real estate collateral. The Corporation will put in place a procedures and policy manual based upon the Canadian Institute of Mortgage Brokers and Lenders' Consolidated Mortgage Best Practices. These procedures and policies allow the Corporation to consider mortgage-lending opportunities with more flexibility than traditional lenders while still observing solid fundamentals of lending, which are adhered to by prudent and diligent lenders, and still guarding against mortgage fraud.

Currently, the Corporation principally conducts business in the Provinces of Ontario, Alberta, and British Columbia. Should the Corporation require it, or otherwise wish to expand its business to other jurisdictions, it will apply, if necessary, to become registered under applicable legislation to carry on business as a mortgage broker or equivalent in such other jurisdictions.

Neither the Corporation nor the Manager is registered with the OSC as an adviser or as an investment fund manager. The Corporation and the Manager are operating in reliance on the blanket order issued by the OSC on August 17, 2010 that provides relief from these registration requirements as well as the Corporation's interpretation of Staff Notice 31-323 Guidance Relating to the Registration Obligations of Mortgage Investment Entities (the "**Staff Notice 31-323**"). If the Corporation's interpretation of Staff Notice 31-323 is incorrect or the OSC otherwise requires registration for MICs or MIC managers/administrators, the Corporation will comply with the requirements or seek further relief, if appropriate.

In Ontario, mortgage brokers are regulated by the MBLAA. The MBLAA not only regulates those who arrange, negotiate or trade in mortgages but also those who administer them. For instance, persons who take steps, on behalf of another person or entity, to enforce payment by a borrower under a mortgage are

required to be licensed. The Corporation is licensed as a mortgage broker through the license and registration of Marcus Tzaferis, who is an executive officer and director of the Manager and the Corporation and an indirect shareholder of the Corporation through the Manager's ownership of Common Shares. Accordingly, the Corporation conducts its mortgage investment activities directly rather than through the Manager or other administrator.

Mortgage transactions for the Corporation will generally be sourced from other mortgage brokers. The Corporation may remunerate the mortgage broker who originated the loan out of the lender's fees collected, and may, from time to time and at its discretion, provide other immaterial bonuses or benefits to mortgage brokers, with such costs borne solely by the Corporation. Mortgage brokers are paid a commission designated as the lender's fee at the time of closing of a loan transaction. The Principal Mortgage Brokers are mortgage brokers that are affiliated with Mr. Tzaferis. The Principal Mortgage Brokers, as well as other selected brokers at the discretion of the Corporation and subject to compliance with applicable securities laws, may, by agreement with the Corporation, elect to be paid their entitlements to the lender's fee, if any, for mortgages the Corporation acquires in Shares, rather than by way of a cash commission.

The Corporation will review mortgage loan applications to ensure that they meet the Corporation's lending criteria and that adequate supporting documentation has been provided by a prospective borrower. The Corporation will secure, at the Corporation's cost, a letter of opinion from a local realty lawyer or title insurance, as the case may be, in respect of each mortgage granted. In addition, staff of the Corporation or contractors to the Corporation may conduct an inspection of select properties to be granted as collateral. The Corporation will coordinate with legal counsel the registration of mortgages and, upon the payout thereof, their discharge.

In the event of a mortgagor's default, the Corporation is responsible for instructing legal counsel to take legal action against the mortgagor and, where such action includes enforcing against the mortgaged property, for retaining an independent appraiser to obtain a more recent valuation of the mortgaged property, if required.

The Manager

The Manager has been retained by the Corporation to: (i) act as the registration and transfer agent for the Corporation; (ii) manage the overall business operations and administrative functions of the Corporation; and (iii) provide the Corporation with investor relation services. The Corporation and the Manager are party to the Management Services Agreement. As compensation for the services provided by the Manager to the Corporation, the Manager will receive a fee equal to \$36,000 per year and a monthly fee equal to 1/12th of 2% of the book value of the Corporation. For further details, see Item 2.7 – "**Material Contracts**".

The head and registered office of the Manager is located at 83 Navy Wharf, Main Floor, Toronto, Ontario M5V 3S3. As at the date hereof the Manager has three (3) employees. The Manager is controlled by Mr. Tzaferis, an executive officer and director of the Manager and the Corporation.

Mr. Tzaferis presently holds 9.10% of the issued and outstanding Common Shares.

The Manager, through Mr. Tzaferis, is a licensed mortgage broker.

Mr. Tzaferis and senior officers and directors of the Manager have more than twenty (20) years of collective mortgage brokering and mortgage business management experience with individual lenders and mortgage pools.

The Board of Directors

The Board currently consists of four (4) directors. The Board approves all policies of the Corporation and has final approval on all individual mortgages. The Board has developed governance policies in accordance with best practices, and the Board as a whole serves as the Corporation's audit committee.

No Right to Vote for Board

According to the Management Services Agreement, the Manager is responsible for the management of the Corporation and is authorized to appoint a majority of the Board. As such, the Investors who subscribe for Shares will not be entitled to vote at an annual meeting of the Corporation's shareholders for the election of a majority of the members of the Board. The inability to vote and therefore elect a majority of the board of directors will diminish the Investor's ability to influence matters and decisions of the Corporation. See Item 8 – "Risk Factors".

Unanimous Shareholders' Agreement

The unanimous shareholders' agreement of the Corporation, the Manager, the Common Shareholders and the holders of Preferred Shares (the "**Unanimous Shareholders' Agreement**"), together with the Management Services Agreement, sets forth the manner in which certain of the affairs of the Corporation shall be conducted and governs matters related to the Shares of the Corporation. The Unanimous Shareholders' Agreement provides that the Board shall consist of four (4) directors and that the Manager shall be entitled to nominate three (3) out of the four (4) directors and further provides that Mr. Tzaferis, a nominee of the Manager, shall be appointed President of the Corporation and Philip Edwards, a nominee of the Manager, shall be appointed as Secretary and Treasurer of the Corporation. The Unanimous Shareholders' Agreement provides that certain fundamental matters, such as amendments to the Corporation's Articles or by-laws, the issuance or transfer of Common Shares other than as provided for in the Unanimous Shareholders' Agreement, the winding-up, dissolution or termination of the Corporation and any material change in the business of the Corporation, must be approved by unanimous consent of the Common Shareholders. The Management Services Agreement provides that upon the death, bankruptcy, default or such other similar event of a Common Shareholder the other Common Shareholders shall have the option to purchase all of the Common Shares owned by such retiring Common Shareholder, and if not purchased by the remaining Common Shareholders, the Corporation shall have the option to purchase the Common Shares of such retiring Common Shareholder for cancellation, in either of which events the nominees on the board of directors and as officers of the Corporation allocated to the Common Shareholders], whereby any bona fide offer from a third party to purchase the Common Shares from a Common Shareholder must be given to the other Common Shareholders for consideration and such Common Shareholder shall have the option to purchase the offered Common Shares at the same price and on the same conditions set forth in the third party offer, prior to any sale being made with such third party.

The Management Services Agreement provides that the Manager shall, if required in order for the Corporation to qualify as or maintain its status as a MIC, transfer in a timely manner such number of Common Shares as may be so required.

By executing and delivering the Subscription Agreement, an investor shall be deemed to be a party to the Unanimous Shareholders' Agreement.

1.2 Development of Business

The Corporation has increased its loan portfolio, since its inception, by securing additional capital from previous offerings of Preferred Shares and shareholders' reinvestment of dividends. It has invested solely in mortgages within Canada with a primary focus on Ontario. Emphasis will continue to be in Ontario, but the Corporation will be increasing mortgage investments elsewhere in Canada as opportunities arise.

As of May 1, 2024, the Corporation's funds were invested in approximately 138 mortgages ranging in amounts from \$5,421.61 to \$11,807,821.03. Of the 138 mortgages, 97.11% of the mortgages were secured against residential properties while 2.89% of the mortgages were secured against commercial properties. The remainder of the mortgages consist of construction loans. The mortgage portfolio shall change frequently due to the term and nature of the mortgages.

Region	# of Mortgages	1st Mortgages	2nd Mortgages	Other Mortgages	Total Value	Average LTV
Ontario	131	30	97	4	\$48,472,844.25	48.17%
Non-Ontario	7	4	3	0	\$678,011.67	53.63%

Notes:

- (1) Other Mortgages includes third mortgages, fourth mortgages and inter alia mortgages. As of May 1, 2024, the Corporation had approximately \$934,416.90 in third mortgages. An inter alia mortgage is a mortgage that has security over two or more properties. As of May 1, 2024, the Corporation had approximately \$13,960,995.42 in inter alia mortgages.
- (2) LTV is the acronym for "Loan to Value". The LTV of any specific mortgage is equal to the sum of the Corporation's mortgage plus any prior mortgages divided by the value of the property. The LTV calculations in the above table were completed at the time the mortgages were originally funded. Thus, the above calculations are not an exact indicator of the actual LTV(s) as of May 1, 2024 as the property prices and mortgage values may have changed since the time the mortgage was originally funded.

As of May 1, 2024, the interest rate composition of the Corporation's portfolio was as follows:

Interest Rate Range	# of Mortgages	Value of Mortgages	Average LTV
Less than 8%	2	\$45,534.61	31.99%
to 8.99%	5	\$1,108,957.06	18.32%
to 9.99%	13	\$2,374,814.99	25.88%
to 10.99%	16	\$5,177,279.15	45.25%
to 11.99%	51	\$8,748,126.34	49.26%
to 12.99%	34	\$29,003,992.77	59.95%
to 13.99%	9	\$1,808,729.56	53.38%
to 14.99%	5	\$716,095.56	61.92%
Over 15%	3	\$167,325.88	61.36%
Totals	138	\$49,150,855.92	45.26%

Notes:

- (1) Data obtained from internal audited records and available upon request. Individual loan data are available on the investor website with secured log in access. LTV reflects property value at the time the mortgages were funded.

The Corporation's dividends are paid monthly and are not guaranteed. The returns will fluctuate from month to month mainly due to the Corporation's ability to deploy its capital and avoid losses on its mortgage portfolio. The Corporation's ability to deploy its capital is influenced by the state of the Canadian private mortgage market. The Canadian private mortgage market is influenced by factors such as the price of real estate, interest rates, lending competition for private mortgages, employment conditions and general economic activity. The Corporation's return history since inception is as follows:

Year	Average Net Cash Returns (Calendar Year) ⁽¹⁾
2013	8.18%
2014	8.26%
2015	8.04%
2016	7.80%
2017	7.49%
2018	7.73%
2019	8.03%
2020	7.39%
2021	7.87%
2022	8.28%
2023	8.73%
2024	8.86%

Notes:

- (1) Data obtained from internal audited records and available upon request. Most recent 24-month rolling return data is available on the investor website with secured log in access. Annualized returns reflect calendar year. Return for year 2013 reflects April to December. Return for year 2024 reflects January to April.

Investors in the Corporation also have the option of reinvesting the dividends. The dividends are reinvested quarterly. Compounded returns are provided below in comparison to net cash returns. The Corporation's returns as of May 1, 2024 are as follows:

Investment Period	Net Cash	Net Growth ⁽¹⁾	Total Growth ⁽¹⁾	Accumulated Investment ⁽¹⁾
Last year	8.83%	9.14%	9.14%	\$10,914.26
Last 2 years	8.47%	9.54%	18.68%	\$11,867.82
Last 3 years	7.96%	9.73%	28.41%	\$12,841.25
Last 4 years	7.40%	9.76%	38.17%	\$13,817.43

Last 5 years	8.00%	11.39%	49.56%	\$14,956.66
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Notes:

- (1) Denotes reinvestment of dividends. Accumulated investment is based on a \$10,000 investment at the beginning of the investment period.

The Corporation's annualized rate of return of the dividends paid to the holders of Preferred Shares for 2023 (fiscal year ending September 30, 2023) was 8.66%, which resulted in a distribution of dividends of \$3,515,255. The Corporation's average rate of return from April 2013 to April 2024 was 8.00%.

The relationship between the Corporation's cash flows from operating activities and profit or loss, and its historical distributed cash are summarized in further detail as follows:

CANNECT MORTGAGE INVESTMENT CORPORATION

Statement of Cash Flows

Year Ended September 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income and comprehensive income	\$ -	\$ -
Items not affecting cash:		
Interest revenue	(5,390,307)	(4,913,899)
Interest received on mortgages and loans receivable	4,115,778	3,859,871
Provision for loan losses	52,988	99,094
	<u>(1,221,541)</u>	<u>(954,934)</u>
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	3,001	10,001
	<u>3,001</u>	<u>10,001</u>
Cash flows used by operating activities	<u>(1,218,540)</u>	<u>(944,933)</u>
INVESTING ACTIVITIES		
Repayment of mortgages and loans receivable	22,364,986	17,562,505
Advances of mortgages and loans receivable	<u>(21,072,216)</u>	<u>(21,695,067)</u>
Cash flows from (used by) investing activities	<u>1,292,770</u>	<u>(4,132,562)</u>
FINANCING ACTIVITIES		
Advances from (repayment to) related parties	1,437,731	695,258
Proceeds from issuance of preferred shares	3,515,225	8,834,824
Redemption of preferred shares	<u>(8,244,821)</u>	<u>(7,293,029)</u>
Dividends reinvested	1,909,054	1,675,395
Cash flows from (used by) financing activities	<u>(1,382,811)</u>	<u>3,912,448</u>
DECREASE IN CASH FLOW	(1,308,581)	(1,165,047)
CASH - BEGINNING OF YEAR	4,369,153	5,534,200
CASH - END OF YEAR	<u>3,060,572</u>	<u>4,369,153</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Preferred shares issued in conjunction with a dividend re-investment plan	<u>\$ (1,909,054)</u>	<u>\$ 1,675,395</u>
CASH CONSISTS OF:		
Cash	\$ 3,026,318	\$ 4,357,523
Cash - held in trust	<u>34,254</u>	<u>11,630</u>
	<u>\$ 3,060,572</u>	<u>\$ 4,369,153</u>

Foreclosures and Non-Performing Mortgage Loans

Since inception, there have been no losses stemming from non-performing mortgage loans and the Corporation has not engaged in any foreclosure action.

1.3 Long Term Objectives

The Corporation's long term objectives are to:

- (i) provide the holders of Preferred Shares with a return that is superior to term deposits, guaranteed investment certificates and money market funds, with due consideration to preservation of their capital;
- (ii) maintain profitability on a sustainable basis;
- (iii) maintain the Corporation's status as a MIC under the ITA;
- (iv) carry on lending activities in Canada, but primarily in Ontario; and
- (v) maintain prudent lending standards.

1.4 Short Term Objectives

The Corporation's short-term objectives for the next twelve (12) months are to:

- (i) raise additional capital pursuant to the Offering;
- (ii) source appropriate lending opportunities; and
- (iii) obtain debt leverage to make additional capital available for lending opportunities.

The following table discloses how the Corporation intends to meet these long and short term objectives:

What we must do and how we will do it	Target completion date/number of months to complete	Our cost to complete
Continue raising funds by issuing Preferred Shares by sourcing investments from potential investors through the Manager, arm's length third parties and contacts of the Corporation and Manager and their respective directors, officers and employees.	Ongoing	\$100,000.00 ⁽¹⁾
Continue to invest in qualified mortgages and administer the Corporation's portfolio of investments through the Manager.	Ongoing	\$50,000.00 ⁽²⁾

Notes:

- (1) Estimated costs of offering including legal, audit and other professional services.
- (2) Costs of funding loans are paid for by the borrowers, however, some additional costs associated with mortgage loans are borne by the Corporation.

1.5 Insufficient Proceeds

The proceeds of the offering may not be sufficient to accomplish all of the Corporation's proposed objectives and there is no assurance that alternative financing, including the Corporation's attempt at securing debt financing, will be available (see Item 2 – "Business of the Corporation – Investment Strategies - Debt Leverage" and Item 8 – "Risk Factors").

1.6 Material Agreements

The following agreements may be considered material agreements of the Corporation:

- (i) Management Services Agreement, described below;
- (ii) Unanimous Shareholders' Agreement, described in Section 2.2; and
- (iii) Agreement with Meadowbank, described below in Item 7.

Copies of these documents and agreements may be inspected during regular business hours at the offices of the Corporation at its head office.

Additionally, the Corporation has informal, unwritten arrangements with the Principal Mortgage Brokers whereby the Corporation has a first right of refusal on certain mortgages originated by these entities. The Corporation may remunerate the Principal Mortgage Broker that originated the loan out of the lender's fees collected, and may, from time to time and at its discretion, provide other immaterial bonuses or benefits to the Principal Mortgage Brokers, with such costs borne solely by the Corporation. The Corporation may also collect and remit certain fees on behalf of the Principal Mortgage Brokers from borrowers.

Management Services Agreement

The Corporation and the Manager are party to the Management Services Agreement. Under the Management Services Agreement, the Manager is responsible for the management for certain day-to-day operations of the Corporation.

As such, the Manager will be responsible for the overall management of the Corporation's affairs, including the following tasks and duties:

- (i) supervising and administering the offering of the Shares described herein;
- (ii) acting as the Corporation's registrar and transfer agent;
- (iii) maintaining the books and records of the Corporation and performing administrative functions in connection with the issuance, registration and redemption of Shares;
- (iv) supplying clerical, accounting and administrative staff and services as required for the efficient day-to-day functioning of the Corporation; and
- (v) coordinating the provision to the Corporation of audit, legal and shareholder communications and shareholder meeting materials.

The Management Services Agreement has an initial term ending May 30, 2031 and may be renewed for successive terms of one (1) year each thereafter. Either party has the option of not renewing the agreement by providing no less than three (3) months' written notice to the other party. The Management Services Agreement terminates: (a) upon the Manager ceasing to carry on business, becoming bankrupt or insolvent, resolving to wind up or liquidate or if a receiver of any of its assets is appointed; (b) upon the Manager ceasing to hold the required registrations under applicable securities legislation after a reasonable period to remediate; (c) if the Manager is found by a court of competent jurisdiction to have been guilty of bad faith,

willful misfeasance, gross negligence or reckless disregard of its obligations and duties; or (d) where the Manager is in material breach of the Management Services Agreement, unless the breach is remedied within the prescribed period after notice of the breach has been given. The Management Services Agreement may also be terminated by mutual consent in writing. The Management Services Agreement may not be assigned except by consent of both parties.

As compensation for the services provided by the Manager to the Corporation, the Manager will receive \$36,000 per year and a monthly management fee equal to 1/12th of 2% of the book value of the Corporation.

The Manager must render its services under the Management Services Agreement honestly and in good faith in a conscientious and reasonable manner and must exercise the care, diligence and skill of a reasonably prudent and qualified manager. Further, the Manager agrees that funds of the Manager will not be commingled with any funds of the Corporation.

The liability of the Corporation pursuant to the Management Services Agreement has been limited such that the Manager agrees that it shall only look to the Corporation's property and assets for satisfaction of any claims arising out of or in connection with such agreement. Also, except as otherwise provided in the Management Services Agreement, or for any material breach or default of the obligations of the Manager thereunder, neither the Manager nor any of its directors, officers, employees, consultants or agents shall be subject to any liability whatsoever, in tort, contract, or otherwise, in connection with the affairs of the Corporation, including, without limitation, in respect of any loss or diminution in value of any of the Corporation's property or assets. The Corporation shall be solely liable therefore and resort shall be had solely to the Corporation's property or assets for the payment or performance thereof.

Pursuant to the terms of the Management Services Agreement, the Corporation has agreed that it shall indemnify and reimburse the Manager, as well as its directors, officers, shareholders, employees, consultants or agents, against all liabilities and expenses reasonably incurred in connection with the Manager's services thereunder, except for liabilities and expenses resulting from such party's willful misconduct, bad faith, gross negligence, disregard of the duties or standard of care, diligence, or material breach or default of the Management Services Agreement. The Manager agrees to indemnify and save harmless the Corporation, its directors, officers, employees, consultants and agents, from and against all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding to which it may be made a party by reason of the Manager's willful misconduct, bad faith, gross negligence or disregard of its duties or standard of care, diligence and skill or a material breach or default under the Management Services Agreement. This indemnity survives the removal or resignation of the Manager in connection with any and all of its duties and obligations under the Management Services Agreement and shall survive the termination of such agreement.

Item 2 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS, AND PRINCIPAL HOLDERS

2.1 Compensation and Securities Held

The following table sets out certain information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**Principal Holder**"). All shareholdings set out in the table are as at the date of this Offering Memorandum.

Name and municipality of principal residence	Positions held (e.g., director, officer, Principal Holder) and the date of obtaining that position	Compensation paid by Corporation in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the of the Corporation held after completion of minimum offering	Number, type and percentage of securities of the Corporation held after completion of the maximum offering
Nil	Nil	Nil	Nil	Nil

Notes:

All data current to May 1, 2024. There is no minimum or maximum amount for this Offering.

2.2 Management Experience

The principal occupations of the senior officers and directors over the past five (5) years and their experience relevant to the Corporation's business are as follows:

Name	Principal occupation and related experience
Marcus Tzaferis	<p>Marcus is an alumnus of Wilfrid Laurier University where he majored in economics and finance. He graduated with a Bachelors of Business Administration, with Honours.</p> <p>As the Founder and CEO of Connect, Marcus is a leader in the mortgage industry. With over 20 years of experience in the financial and mortgage sectors, he has created innovative solutions that have transformed the way mortgages are approved, funded and invested. He launched Connect Mortgage Investment Corporation, a pioneering alternate lending company that leverages Canada's first fully automated mortgage approval software, a proprietary technology developed by Connect. He also built a vertically integrated platform that offers investors access to the best borrowers first, through Connect's retail locations and salaried mortgage agents. Connect is renowned for its high returns, capital preservation, and efficient, unbiased and cost-effective lending solutions. Connect has funded over \$5 billion in commercial and residential mortgages, and delivers the most efficient risk weighted returns in the mortgage investment landscape.</p>
David Mason	<p>David spent several decades working as a tax partner at Deloitte before taking on his new role with Connect. His expertise with Canadian tax law and regulations has allowed David to act as a guiding hand in the growth and refinement of Connect's policies and practices.</p>
San Yun Han	<p>San Yun joined Connect after a career in engineering and real estate sales. He utilizes his analytical skills and market knowledge to evaluate potential commercial loans for Connect's agents before lender submission. San Yun also</p>

Name	Principal occupation and related experience
	serves as a liaison with third-party partners such as law firms and appraisal companies. With educational backgrounds in both engineering and business, San Yun adds a different perspective when evaluating potential deals or new business opportunities.

2.3 Penalties, Sanctions and Bankruptcy

(a) There are no penalties or sanctions that have been in effect during the last ten (10) years, nor has there been any cease trade order in effect for a period of more than thirty (30) consecutive days during the past ten (10) years, against (i) a director, executive officer or control person of the Corporation, or (ii) an issuer in which a person or Corporation referred to in (i) was a director, executive officer or control person at the time other than as disclosed below:

(i) In a letter from the OSC dated May 14, 2018, the OSC requested that the Corporation immediately cease all trading activities including, but not limited to, any and all solicitations to existing and prospective investors, either directly or indirectly, effective May 28, 2018 (the “**Cease Trade Request**”). The Cease Trade Request was issued due to the OSC’s view that the Corporation was in contravention of the registration requirements of subsection 25(1) of the *Ontario Act* (as defined herein), as the Corporation had been trading in securities for a business purpose without being registered in Ontario and there was no available exemption from the registration requirement on which the Corporation could properly rely.

In a response letter dated May 28, 2018 (the “**Response Letter**”), the Corporation confirmed that it ceased all capital raising as of May 15, 2018. In the Response Letter, the Corporation acknowledged that it would no longer accept any investment unless they did so through an EMD license. The Corporation disclosed that it was in the process of applying for an EMD license and was going to work with a current EMD registrant, being Meadowbank, in the interim.

The Cease Trade Request was revoked in a letter from the OSC dated October 11, 2018.

(b) There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last ten (10) years with regard to any (i) director, executive officer or control person of the issuer, or (ii) issuer of which a person referred to in (i) above was a director, executive officer or control person at that time.

2.4 Loans

The Corporation does not presently have any debentures or loans outstanding, however it does intend to explore ways to leverage its ability to invest in mortgages utilizing debt structures in the near future.

Item 3 CAPITAL STRUCTURE

3.1 Share Capital

The following table sets out information about the Corporation's outstanding securities, including options, warrants and other securities convertible into shares:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at May 1, 2024	Number outstanding after minimum offering ⁽¹⁾	Number outstanding after maximum offering ⁽¹⁾
Common Shares	Unlimited	\$0.0001	47,000	47,000	47,000
Class A Preferred Shares	Unlimited	\$10	5,104,545	5,104,545	5,104,545
Class I Preferred Shares	Unlimited	\$10	Nil	Nil	Nil

Notes:

- (1) There is no minimum or maximum amount for this Offering. The amount shown is an assumed amount for illustrative purposes only.

3.2 Long Term Debt Securities

The Corporation has no outstanding debt securities.

3.3 Prior Sales

As of May 1, 2024, the Corporation has issued the following Preferred Shares in the past twelve (12) months:

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
5/1/2023	Preferred Shares	5000	\$10	\$ 50,000.00
5/1/2023	Preferred Shares	2098.606	\$10	\$ 20,986.06
5/1/2023	Preferred Shares	5,000.00	\$10	\$ 20,986.06
5/1/2023	Preferred Shares	2,098.61	\$10	\$ 101,748.98
5/1/2023	Preferred Shares	2,098.61	\$10	\$ 97,342.54
5/19/2023	Preferred Shares	10,174.90	\$10	\$ 100,000.00
5/26/2023	Preferred Shares	9,734.25	\$10	\$ 169,481.58
5/26/2023	Preferred Shares	10,000.00	\$10	\$ 250,000.00
6/12/2023	Preferred Shares	16,948.16	\$10	\$ 2,500.00
7/10/2023	Preferred Shares	25,000.00	\$10	\$ 300,000.00

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
7/10/2023	Preferred Shares	250.00	\$10	\$ 100,000.00
7/18/2023	Preferred Shares	30,000.00	\$10	\$ 6,000.00
7/28/2023	Preferred Shares	10,000.00	\$10	\$ 80,000.00
7/28/2023	Preferred Shares	600.00	\$10	\$ 750,000.00
7/31/2023	Preferred Shares	8,000.00	\$10	\$ 215,000.00
8/8/2023	Preferred Shares	75,000.00	\$10	\$ 316,151.09
8/10/2023	Preferred Shares	21,500.00	\$10	\$ 14,776.00
8/11/2023	Preferred Shares	31,615.11	\$10	\$ 1,200.00
8/18/2023	Preferred Shares	1,477.60	\$10	\$ 7,000.00
8/22/2023	Preferred Shares	120.00	\$10	\$ 15,000.00
8/29/2023	Preferred Shares	700.00	\$10	\$ 15,000.00
9/15/2023	Preferred Shares	1,500.00	\$10	\$ 500,000.00
9/15/2023	Preferred Shares	1,500.00	\$10	\$ 10,000.00
9/15/2023	Preferred Shares	50,000.00	\$10	\$ 6,500.00
9/18/2023	Preferred Shares	1,000.00	\$10	\$ 97,159.43
9/28/2023	Preferred Shares	650.00	\$10	\$ 15,000.00
9/29/2023	Preferred Shares	9,715.94	\$10	\$ 50,000.00
10/11/2023	Preferred Shares	1,500.00	\$10	\$ 900,000.00
10/11/2023	Preferred Shares	5,000.00	\$10	\$ 26,000.00
10/20/2023	Preferred Shares	90,000.00	\$10	\$ 20,000.00
10/30/2023	Preferred Shares	2,600.00	\$10	\$ 25,000.00
10/30/2023	Preferred Shares	2,000.00	\$10	\$ 2,500.00
11/22/2023	Preferred Shares	2,500.00	\$10	\$ 40,000.00
11/23/2023	Preferred Shares	250.00	\$10	\$ 10,000.00
11/27/2023	Preferred Shares	4,000.00	\$10	\$ 450,000.00
12/1/2023	Preferred Shares	1,000.00	\$10	\$ 5,000.00
12/21/2023	Preferred Shares	45,000.00	\$10	\$ 45,000.00
12/27/2023	Preferred Shares	500.00	\$10	\$ 10,000.00
12/29/2023	Preferred Shares	4,500.00	\$10	\$ 2,615.94
1/2/2024	Preferred Shares	1,000.00	\$10	\$ 54,000.00

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
1/8/2024	Preferred Shares	261.59	\$10	\$ 7,000.00
1/8/2024	Preferred Shares	5,400.00	\$10	\$ 7,000.00
1/8/2024	Preferred Shares	700.00	\$10	\$ 7,000.00
1/10/2024	Preferred Shares	700.00	\$10	\$ 7,000.00
1/10/2024	Preferred Shares	700.00	\$10	\$ 7,000.00
1/11/2024	Preferred Shares	700.00	\$10	\$ 272,500.00
1/15/2024	Preferred Shares	700.00	\$10	\$ 10,000.00
1/17/2024	Preferred Shares	27,250.00	\$10	\$ 7,000.00
1/17/2024	Preferred Shares	1,000.00	\$10	\$ 10,000.00
1/19/2024	Preferred Shares	700.00	\$10	\$ 25,000.00
1/24/2024	Preferred Shares	1,000.00	\$10	\$ 48,260.76
1/30/2024	Preferred Shares	2,500.00	\$10	\$ 107,000.00
2/9/2024	Preferred Shares	4,826.08	\$10	\$ 300,000.00
2/13/2024	Preferred Shares	10,700.00	\$10	\$ 9,700.00
2/14/2024	Preferred Shares	30,000.00	\$10	\$ 4,981.00
2/14/2024	Preferred Shares	970.00	\$10	\$ 7,000.00
2/15/2024	Preferred Shares	498.10	\$10	\$ 78,734.36
2/15/2024	Preferred Shares	700.00	\$10	\$ 14,323.16
2/15/2024	Preferred Shares	7,873.44	\$10	\$ 27.55
2/22/2024	Preferred Shares	1,432.32	\$10	\$ 8,100.00
2/22/2024	Preferred Shares	2.76	\$10	\$ 30,000.00
2/22/2024	Preferred Shares	810.00	\$10	\$ 10,000.00
2/24/2024	Preferred Shares	3,000.00	\$10	\$ 7,000.00
2/26/2024	Preferred Shares	1,000.00	\$10	\$ 93,000.00
2/27/2024	Preferred Shares	700.00	\$10	\$ 5,000.00
2/27/2024	Preferred Shares	9,300.00	\$10	\$ 5,000.00
2/27/2024	Preferred Shares	500.00	\$10	\$ 500,000.00
2/27/2024	Preferred Shares	500.00	\$10	\$ 180,000.00
2/27/2024	Preferred Shares	50,000.00	\$10	\$ 15,000.00
2/27/2024	Preferred Shares	18,000.00	\$10	\$ 15,000.00

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
2/27/2024	Preferred Shares	1,500.00	\$10	\$ 2,372.00
2/27/2024	Preferred Shares	1,500.00	\$10	\$ 30,780.00
2/29/2024	Preferred Shares	237.20	\$10	\$ 5,000.00
2/29/2024	Preferred Shares	3,078.00	\$10	\$ 5,000.00
2/29/2024	Preferred Shares	500.00	\$10	\$ 17,000.00
3/5/2024	Preferred Shares	500.00	\$10	\$ 50,684.73
3/8/2024	Preferred Shares	1,700.00	\$10	\$ 7,100.00
3/13/2024	Preferred Shares	5,068.47	\$10	\$ 37,642.80
3/18/2024	Preferred Shares	710.00	\$10	\$ 75,000.00
3/20/2024	Preferred Shares	3,764.28	\$10	\$ 120,000.00
3/22/2024	Preferred Shares	7,500.00	\$10	\$ 12,022.28
3/25/2024	Preferred Shares	12,000.00	\$10	\$ 15,470.38
3/25/2024	Preferred Shares	1,202.23	\$10	\$ 3,989.24
3/25/2024	Preferred Shares	1,547.04	\$10	\$ 108,203.80
3/25/2024	Preferred Shares	398.92	\$10	\$ 53,745.81
3/27/2024	Preferred Shares	10,820.38	\$10	\$ 60,000.00
3/27/2024	Preferred Shares	5,374.58	\$10	\$ 40,000.00
3/28/2024	Preferred Shares	6,000.00	\$10	\$ 7,000.00
4/2/2024	Preferred Shares	4,000.00	\$10	\$ 5,000.00
4/8/2024	Preferred Shares	700.00	\$10	\$ 4,947.14
4/8/2024	Preferred Shares	500.00	\$10	\$ 40,000.00
4/9/2024	Preferred Shares	494.71	\$10	\$ 23,564.00
4/9/2024	Preferred Shares	4,000.00	\$10	\$ 4,600.00
4/22/2024	Preferred Shares	2,356.40	\$10	\$ 23,564.00
4/22/2024	Preferred Shares	460.00	\$10	\$ 12,975.62
4/22/2024	Preferred Shares	2,356.40	\$10	\$ 5,600.00
4/23/2024	Preferred Shares	1,297.56	\$10	\$ 467,421.85
4/26/2024	Preferred Shares	560.00	\$10	\$ 9,000.00
4/30/2024	Preferred Shares	46,742.19	\$10	\$ 11,334.99

As of May 1, 2024, the Corporation has redeemed the following Preferred Shares in the past twelve (12) months:

Date of Redemption	Type of security redeemed	Number of securities redeemed	Price per security	Total funds redeemed
5/2/2023	Preferred Shares	6,500.00	\$10	\$ 65,000.00
5/19/2023	Preferred Shares	36,650.00	\$10	\$ 366,500.00
5/23/2023	Preferred Shares	7,500.00	\$10	\$ 75,000.00
6/2/2023	Preferred Shares	2,500.00	\$10	\$ 25,000.00
6/22/2023	Preferred Shares	3,330.00	\$10	\$ 33,300.00
6/27/2023	Preferred Shares	4,178.22	\$10	\$ 41,782.19
6/27/2023	Preferred Shares	4,722.12	\$10	\$ 47,221.21
6/30/2023	Preferred Shares	33,954.76	\$10	\$ 339,547.60
7/6/2023	Preferred Shares	4,400.00	\$10	\$ 44,000.00
7/6/2023	Preferred Shares	32,100.00	\$10	\$ 321,000.00
7/11/2023	Preferred Shares	1,000.00	\$10	\$ 10,000.00
7/12/2023	Preferred Shares	2,000.00	\$10	\$ 20,000.00
7/14/2023	Preferred Shares	50.00	\$10	\$ 500.00
7/18/2023	Preferred Shares	4,549.10	\$10	\$ 45,490.98
7/31/2023	Preferred Shares	34,725.95	\$10	\$ 347,259.50
8/4/2023	Preferred Shares	500.00	\$10	\$ 5,000.00
8/4/2023	Preferred Shares	500.00	\$10	\$ 5,000.00
8/10/2023	Preferred Shares	5,224.58	\$10	\$ 52,245.79
8/18/2023	Preferred Shares	5,000.00	\$10	\$ 50,000.00
8/25/2023	Preferred Shares	5,000.00	\$10	\$ 50,000.00
9/1/2023	Preferred Shares	19,413.08	\$10	\$ 194,130.83
9/20/2023	Preferred Shares	1,000.00	\$10	\$ 10,000.00
9/22/2023	Preferred Shares	2,000.00	\$10	\$ 20,000.00
9/27/2023	Preferred Shares	700.00	\$10	\$ 7,000.00
9/27/2023	Preferred Shares	1,100.00	\$10	\$ 11,000.00
10/3/2023	Preferred Shares	50,000.00	\$10	\$ 500,000.00
10/11/2023	Preferred Shares	274.32	\$10	\$ 2,743.21

Date of Redemption	Type of security redeemed	Number of securities redeemed	Price per security	Total funds redeemed
10/27/2023	Preferred Shares	3,973.43	\$10	\$ 39,734.26
10/27/2023	Preferred Shares	420.13	\$10	\$ 4,201.27
10/30/2023	Preferred Shares	5,000.00	\$10	\$ 50,000.00
11/8/2023	Preferred Shares	1,000.00	\$10	\$ 10,000.00
11/15/2023	Preferred Shares	4,000.00	\$10	\$ 40,000.00
11/15/2023	Preferred Shares	47,347.19	\$10	\$ 473,471.93
11/15/2023	Preferred Shares	34,087.00	\$10	\$ 340,870.03
11/30/2023	Preferred Shares	7,234.48	\$10	\$ 72,344.75
11/30/2023	Preferred Shares	1,000.00	\$10	\$ 10,000.00
12/1/2023	Preferred Shares	1,500.00	\$10	\$ 15,000.00
12/4/2023	Preferred Shares	7,013.06	\$10	\$ 70,130.60
12/4/2023	Preferred Shares	500.00	\$10	\$ 5,000.00
12/8/2023	Preferred Shares	6,192.93	\$10	\$ 61,929.27
12/27/2023	Preferred Shares	3,000.00	\$10	\$ 30,000.00
1/2/2024	Preferred Shares	524.01	\$10	\$ 5,240.12
1/3/2024	Preferred Shares	2,000.00	\$10	\$ 20,000.00
1/4/2024	Preferred Shares	120.00	\$10	\$ 1,200.00
1/5/2024	Preferred Shares	400.00	\$10	\$ 4,000.00
1/11/2024	Preferred Shares	50,000.00	\$10	\$ 500,000.00
1/14/2024	Preferred Shares	31,080.05	\$10	\$ 310,800.46
1/14/2024	Preferred Shares	45.11	\$10	\$ 451.12
1/26/2024	Preferred Shares	1,000.00	\$10	\$ 10,000.00
1/31/2024	Preferred Shares	20,000.00	\$10	\$ 200,000.00
1/31/2024	Preferred Shares	2,700.00	\$10	\$ 27,000.00
2/14/2024	Preferred Shares	10,000.00	\$10	\$ 100,000.00
3/5/2024	Preferred Shares	19,000.00	\$10	\$ 190,000.00
3/20/2024	Preferred Shares	5,150.00	\$10	\$ 51,500.00
3/29/2024	Preferred Shares	4,400.00	\$10	\$ 44,000.00
4/9/2024	Preferred Shares	2,000.00	\$10	\$ 20,000.00

Date of Redemption	Type of security redeemed	Number of securities redeemed	Price per security	Total funds redeemed
4/19/2024	Preferred Shares	20,000.00	\$10	\$ 200,000.00
4/22/2024	Preferred Shares	6,952.63	\$10	\$ 69,526.28
4/22/2024	Preferred Shares	846.69	\$10	\$ 8,466.89
4/26/2024	Preferred Shares	2,082.90	\$10	\$ 20,829.02
4/26/2024	Preferred Shares	5,000.00	\$10	\$ 50,000.00

Notes:

(1) Data obtained from internal audited records and available upon request.

Item 4 SECURITIES OFFERED

4.1 Terms of Securities

The following is a description of the material terms of the securities of the Corporation, including the Shares being offered:

Common Shares

Voting, Dividend, Participation and Transfer Rights

Holders of Common Shares are entitled to one (1) vote per Common Share on matters to be voted on at meetings of shareholders. Also, each Common Share entitles the holder thereof to an equal right to receive any dividends declared by the Corporation on the Common Shares, and to share equally with holders of the Common Shares in the remaining property on dissolution of the Corporation subject to the rights of the holders of the Preferred Shares to receive the Redemption Price per Share in priority. The articles of the Corporation prohibit the transfer of Common Shares unless the consent of the majority of the directors of the Corporation, expressed by a resolution passed by the Board.

Class A Preferred Shares and Class I Preferred Shares

Voting, Dividend, Participation and Transfer Rights

Holders of Preferred Shares are not entitled to vote on matters to be voted on at meetings of shareholders. In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Preferred Shares shall be entitled to receive, subject to the prior rights of holders of any shares ranking senior to them, an amount equal to the Redemption Price (for the purpose of the conditions attached to the Preferred Shares set out herein, the term "**Redemption Price**" in respect of any Preferred Share shall mean \$10.00), plus all declared and unpaid dividends, before any amount shall be paid or any property or assets of the Corporation are distributed to the holders of Common Shares. After payment to holders of the Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation. If there are insufficient amounts to pay to the holders of

Preferred Shares the full amount which they are entitled to receive on the distribution of the assets of the Corporation, all such holders shall share in the distribution on a pro rata basis in proportion to the aggregate amount due to each of them. The articles of the Corporation prohibit the transfer of Preferred Shares except with the consent of the majority of the directors of the Corporation, expressed by a resolution passed by the board of directors. A tender of Preferred Shares to the Corporation for redemption or retraction is not considered a transfer for purposes of the articles of the Corporation.

Dividend Policy

The Corporation has adopted a by-law providing that all of the investment income of the Corporation, after payment of the Corporation's expenses, including without limitation the fees under the material contracts described elsewhere in this Offering Memorandum (see Item 2.7 – “Material Contracts”) will be regularly paid to holders of Preferred Shares of record as at the last Business Day in each quarter (the “**Record Date**”). Unless the Investor elects to receive its quarterly dividends in the form of cash, all declared dividends will be credited to the account of each holder of Preferred Shares as at the Record Date in the form of a share dividend, by crediting such shareholder's account with additional Preferred Shares or fractions thereof at the Share Value.

The Corporation has adopted a share reinvestment plan (the “**Plan**”) which shall be a “**Plan**” as that term is understood for the purposes of Section 2.18 of NI 45-106. Pursuant to the terms of the Plan, holders of Shares will be entitled to elect to have any and all dividends declared by the Board reinvested to purchase additional Shares in accordance with the terms of the Plan.

Retraction Rights

Any holder of Preferred Shares shall be entitled, at such holder's option, and at any time and from time to time, to require that all or any part of the Preferred Shares held by such holder be purchased by the Corporation (the “**Retraction Right**”) for an amount equal to the Redemption Price, provided that: (i) in the first (1st) year after the date the Shares were issued to the Investor, the Redemption Price shall be reduced by 5%. The Retraction Right cannot be exercised, however, until the Preferred Shares to be purchased by the Corporation have been held by the holder desiring to exercise such Retraction Right, for a period of twelve (12) full months from the date of issuance of such Preferred Shares, nor may it be exercised if the result of the exercise of the Retraction Right would be to disqualify the Corporation as a MIC or otherwise violate the provisions of the Act. Furthermore, the Retraction Right is subject to the rights of the Board to, at any time and in their sole discretion, including after the Corporation has received a retraction notice by a holder of Preferred Shares, suspend the Retraction Rights attaching to the Preferred Shares if, in their reasonable opinion, the payments to be made by the Corporation on the exercise by the holders of Shares of their Retraction Rights would be materially prejudicial to the interests of the Corporation as a whole.

The Retraction Right may be exercised by a notice in writing given to the Corporation accompanied by the certificate(s) for the Preferred Shares in respect of which the holder thereof desires to exercise the Retraction Right. Within three (3) months of receiving the notice, and the required share certificate(s), and subject to applicable laws, the Corporation shall pay or cause to be paid the Redemption Price to the holder of such Preferred Shares.

From and after the giving of the retraction notice by a holder of Preferred Shares, the holder shall not be entitled to exercise any rights of a holder in respect of the Preferred Shares specified in the notice except to receive the Redemption Price therefor, unless payment of the Redemption Price shall not be made by

the Corporation in accordance with the Corporation's ability to suspend Retraction Rights as set forth below, in which case the rights of such holder shall remain in full effect.

If, following the delivery by a holder of a retraction notice, the Corporation is unable to purchase any Preferred Shares as a result of the suspension of the Retraction Right, the provisions of the Act or the Corporation ceasing to qualify as a MIC if such retraction notice is acted upon, such holder of Preferred Shares implementing his or her Retraction Rights may withdraw the retraction notice, in which case his or her rights as a holder of Preferred Shares shall remain unaffected, or, if not withdrawn, the Corporation shall purchase such Preferred Shares subject to the retraction notice as soon as the suspension notice (if any) is withdrawn or it is legally able to do so without impairing the Corporation's status, if relevant, as a MIC. Until such time as all the Preferred Shares subject to the retraction notice have been purchased, the holder thereof may withdraw the retraction notice in respect of those Shares which have not yet been purchased.

Redemption by the Corporation

Subject to the Act, the Corporation may redeem all or any part of the then outstanding Preferred Shares upon receiving consent in writing from all the holders of Preferred Shares or upon giving notice to the holders thereof, as may be required, and upon payment for each Preferred Share at the Redemption Price. If consent is not obtained from all holders of Preferred Shares, the Corporation may provide thirty (30) days' written notice of the redemption to each holder of Preferred Shares setting out the Redemption Price, the date the redemption is to be effective and the number of Preferred Shares to be redeemed.

From and after the time of redemption as specified in the notice, the Preferred Shares to be redeemed shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates of Preferred Shares in accordance with the notice.

If less than all of the outstanding Preferred Shares are to be redeemed pursuant to the Articles, the Preferred Shares to be redeemed shall be selected by and at the discretion of the Board. Without limiting the generality of the foregoing or restricting such discretion in any manner, the Board may select for redemption all or any part of the Preferred Shares held by a holder or holders to the exclusion of the Preferred Shares held by any other holder or holders of Preferred Shares or may redeem Preferred Shares held by some or all of the holders thereof in disproportionate amounts.

Constraints on Transferability

No Preferred Shares of the Corporation shall be transferred without the consent of the majority of the Board.

Paragraph 130.1(6)(d) of the ITA stipulates that, to qualify as a MIC, a corporation must have at least twenty (20) shareholders and no one (1) shareholder may be a "**Specified Shareholder**", as such term is defined in the ITA, of the Corporation. The ITA states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four (4) shareholders for purposes of determining the number of shareholders, and one (1) shareholder for purposes of determining if a shareholder is a Specified Shareholder. The Board intends to refuse registration of an allotment or any transfer of shares which would result in the Corporation ceasing to meet the qualifications of a MIC.

4.2 Subscription Procedure

The Shares are being offered if and when Subscription Agreements are accepted by the Corporation and subject to prior sale. There is no maximum offering. There is no minimum initial subscription. Notwithstanding the foregoing, to receive Incentive Shares (as defined herein), Investors must subscribe for not less than 2,500 Shares. See “Subscription Incentive” below.

Investors who wish to purchase Shares will be required to enter into a Subscription Agreement with the Corporation by completing and delivering the Subscription Agreement and related documentation. The Subscription Agreement contains, among other things, representations and warranties required to be made by the Investor that it is duly authorized to purchase the Shares, that it is purchasing the Shares for investment and not with a view for resale, and as to its corporate status or other qualifications to purchase the Shares on a “private placement” basis. For the specific terms of these representations, warranties and conditions, please refer to the Subscription Agreement which can be found at <https://connect.ca/invest>. All subscription documents should be reviewed by prospective investors and their professional advisers prior to subscribing for Shares.

A purchaser wishing to subscribe for Shares must return to the Registered Dealer set out in the Subscription Agreement and related forms, the following:

- (a) a completed Subscription Agreement; and
- (b) payment by direct deposit, certified cheque, money order or bank draft payable to “Connect Mortgage Investment Corporation”.

In most cases, these steps can be completed online at <https://connect.ca/invest/>; in some cases a paper form may be required.

Subject to applicable securities laws and the purchaser’s two (2) day cancellation right, a subscription for Shares evidenced by a duly completed Subscription Agreement delivered to the Corporation, shall be irrevocable by the Investor. See Item 11 – “Purchasers’ Rights”. The payment delivered together with a Subscription Agreement will be held in trust until midnight of the second (2nd) Business Day subsequent to the date that each Subscription Agreement is signed by an Investor. In the event that such Investor provides the Corporation with a cancellation notice prior to midnight of the second (2nd) Business Day after the signing date, all subscription funds delivered by such Investor will be promptly returned without interest or deduction, plus applicable documentation.

Thereafter, subscription funds received will be held in trust by the Corporation pending closings of the Offering. Subscriptions for Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closings of the Offering will take place at such dates and times as may be determined by the Corporation in its sole discretion (each, a “**Closing Date**”). It is expected, but not required, that each Closing Date will occur on the 15th of the applicable month. Closings of the Offering do not constitute a completion of the Offering but rather a completion of a portion of the Offering comprising subscriptions received but not previously closed on. Any funds for subscriptions that the Corporation does not accept will be promptly returned without interest after the Corporation has determined not to accept the subscription.

Subscription Incentive

In connection with the Offering, and on each applicable Closing Date, the Manager shall: (i) subscribe for 100 Shares (the “**Incentive Shares**”) for each Investor that purchases not less than 2,500 Shares on the applicable Closing Date (the “**Incentive Investors**”); and (ii) offer to enter into a share purchase agreement (an “**SPA**”) with each Incentive Investor. Subject to the terms and conditions of the SPAs, if on the date that is one (1) year following the applicable Closing Date, the Incentive Investor is: (A) the registered and beneficial holder of at least 2,500 Subscribed Shares; and (B) an “accredited investor” (as defined under NI 45-106), then the Manager will transfer 100 Incentive Shares to the applicable Incentive Investor for nominal consideration. All accruals related to the Incentive Shares, including but not limited to any dividends issued on the Incentive Shares prior to any transfer of the Incentive Shares to the applicable Incentive Investor, shall accrue to the benefit of the Manager. Each Incentive Investor is encouraged to review the SPA with its advisors prior to entering into such agreement and prior to purchasing any Shares if the Incentive Shares are a material inducement to such purchase. No incentive Shares will be transferred to an Investor that does not enter into an SPA.

Qualified Investors

The Offering of Shares is being made to, and subscriptions will only be accepted from, Investors who are residents in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Prince Edward and to those who purchase the Shares pursuant to the “offering memorandum” exemption set out in Section 2.9 of NI 45-106, the “accredited investor” exemption set out in Section 2.3 of NI 45-106 and Section 73.3 of the Ontario Act, the Minimum Amount Investment exemption set out in Section 2.10 of NI 45-106, and other applicable exemptions from the prospectus and registration requirements of applicable securities laws of the offering jurisdictions available under NI 45-106.

The foregoing exemptions relieve the Corporation from provisions of applicable securities laws that would otherwise require the Corporation to file and obtain a receipt for a prospectus and distribute the Shares through a registered securities dealer. Accordingly, Investors will not receive the benefits associated with purchasing the Shares pursuant to a filed prospectus, including the review of the material by securities regulatory authorities, and may not receive the benefits associated with the involvement of registered securities dealers.

Each Investor is urged to consult with its own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.

Investment Limits

In certain jurisdictions in Canada, the “offering memorandum” exemption set out in Section 2.9 of NI 45-106 establishes certain investment limits for individual investors. In Manitoba and Prince Edward Island, under Section 2.9 of NI 45-106, the acquisition cost to the purchaser that is not an “eligible investor” (as defined in Section 1.1 of NI 45-106) may not exceed \$10,000. In Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan, the acquisition costs of all securities acquired by an individual investor under Section 2.9 of NI 45-106 in the preceding twelve (12) months may not exceed the following amounts:

- in the case of a purchaser that is not an eligible investor, \$10,000;
- in the case of a purchaser that is an eligible investor, \$30,000; and

- in the case of a purchaser that is an eligible investor and that received advice from a portfolio manager, investment dealer or EMD that the investment is suitable, \$100,000.

Each Investor is urged to consult with its own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.

Representation and Agreement

By signing the Subscription Agreement, each Investor represents and warrants that the Investor meets the conditions of the applicable prospectus exemption in purchasing Shares pursuant to the Offering and is thus entitled under the prospectus exemption to purchase Shares without the benefit of a prospectus qualified under applicable securities laws.

You should carefully review the terms of the Subscription Agreement for more detailed information concerning the rights and obligations of you and the Corporation. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by a duly authorized agent on your behalf. You should consult with your own professional advisers. See Item 8 – “Risk Factors”.

Minimum Amount Prospectus Exemption

In all provinces, an Investor may purchase Shares pursuant to the minimum amount prospectus exemption if: (i) such Investor is not an individual; (ii) such Investor is purchasing as principal; (iii) the Shares have a Subscription Amount of not less than \$150,000 which is paid by certified cheque or wire transfer at closing; and (iv) the Investor has not been created or used solely to purchase or hold the Shares. An Investor that purchases Shares pursuant to the minimum amount prospectus exemption is not eligible to pay less than the \$150,000 Subscription Amount by providing a share commitment – such Investor must pay the full Subscription Amount up to the first \$150,000 by certified cheque or wire transfer on or before the applicable Closing Date.

Item 5 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

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

The Corporation has prepared the following commentary, which it believes is a fair and adequate summary of the principal federal income tax consequences arising under the ITA to an Investor who is an individual resident in Canada who acquires Shares under this Offering Memorandum.

The income tax consequences will not be the same for all Investors, but may vary depending on a number of factors including: the province or provinces in which the Investor resides or carries on business, whether Shares acquired by him will be characterized as capital property, and the amount his taxable income would be but for his participation in this Offering.

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

as to the federal and provincial income tax consequences of his or her acquisition of Shares, as such consequences can vary depending upon the particular circumstances of each Investor.

This summary is based on the Corporation's understanding of the current and proposed provisions of the ITA, the ITA regulations (the "**Regulations**"), and the current administrative and assessing practices of the Canada Revenue Agency (the "**CRA**").

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

- (a) Investors are, and will not cease to be, resident in Canada;
- (b) Investors acquire Shares pursuant to this Offering Memorandum and hold the Shares as capital property (as that term is defined in the ITA);
- (c) Investors hold Shares for the purpose of earning income and have a reasonable expectation of profit from holding the Shares; and
- (d) the Corporation will qualify at all material times as a MIC for the purposes of the ITA.

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

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

There has been no request for an advance income tax ruling from the CRA on any aspect of the transactions proposed in the Offering Memorandum, nor is it intended that such an application will be made. No opinion from the Corporation's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all-encompassing and should not be construed as specific advice to any particular Investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Shares offered should be based on the merits of the investment as such and on an Investor's ability to bear any loss that may be incurred.

Status of the Corporation

This summary is based on the assumption that the Corporation will at all times meet certain conditions imposed on the Corporation under the ITA in order to qualify as a MIC thereunder. These conditions will generally be satisfied if, throughout a taxation year of the Corporation:

- (i) the Corporation was a Canadian corporation as defined in the ITA;
- (ii) the Corporation's only undertaking was the investing of funds and it did not manage or develop any real property;

- (iii) no debts were owing to the Corporation that were secured on real property situated outside Canada;
- (iv) no debts were owing to the Corporation by non-residents unless such debts were secured on real property situated in Canada;
- (v) the Corporation did not own shares of non-resident corporations;
- (vi) the Corporation did not hold real property, or any leasehold interest in such property, located outside of Canada;
- (vii) the cost amount of the Corporation's property consisting of debts secured by mortgages on houses or on property included within a housing project (as those terms are defined in the National Housing Act¹), together with cash on hand and deposits with a bank or any other corporation whose deposits are insured by the Canada Deposit Insurance Corporation or with a credit union (collectively, the "**Qualifying Property**") was at least 50% of the cost amount to it of all of its property;
- (viii) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (ix) the Corporation had at least twenty (20) shareholders and no person was a "specified shareholder", meaning that no shareholder (or related person) may hold more than 25% of the shares of any class of the Corporation at any time in the taxation year;
- (x) holders of Shares had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the common shares, to participate *pari passu* with the holders of common shares in any further payment of dividends;
- (xi) where at any time in the year the cost amount to the Corporation of its Qualifying Property as defined in (vii) above was less than two-thirds (2/3) of the cost amount to it of all of its property, the Corporation's liabilities did not exceed three (3) times the amount by which the cost amount to it of all of its property exceeded its liabilities; and
- (xii) where the requirement in (xi) is not met and the cost amount of the Corporation's Qualifying Property was equal to or greater than two-thirds (2/3) of the cost amount

¹ The *National Housing Act* provides that "'house' means a building or movable structure intended for human habitation containing not more than two family housing units, together with the land, if any, on which the building or movable structure is situated"; and that "'housing project' means a project consisting of one or more houses, one or more multiple-family dwellings, housing accommodation of the hostel or dormitory type, one or more condominium units or any combination thereof, together with any public space, recreational facilities, commercial space and other buildings appropriate to the project, but does not include a hotel."

of all its property, the Corporation's liabilities did not exceed five (5) times the amount by which the cost amount to it of all its property exceeded its liabilities.

If the Corporation were at any time to cease to qualify as a MIC, the income tax considerations would be materially different from those described below.

Taxation of the Corporation

Provided the Corporation remains a MIC throughout the taxation year, the Corporation will be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within ninety (90) days after the end of the year to the extent that such dividends were not deductible by the Corporation in computing its income for the preceding year. A MIC may declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct a portion of such dividend from its taxable income. The combination of the Corporation's deduction for capital gains dividends and the shareholder's deemed capital gain allows the Corporation to flow capital gains through to a shareholder on a tax-efficient basis.

The Corporation intends to declare dividends each year in sufficient amounts to reduce its taxable income to nil. To the extent that it does not do so, the Corporation will be taxed at the highest corporate rates.

Taxation of Shareholders

Dividends

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

Given the Corporation's intention to declare dividends monthly and the fact that the Shares are not expected to increase in value over the course of the year, the Corporation's distributions should have no particular impact on an investor who acquires Shares late in the taxation year.

Dispositions

The cost to an Investor of his Shares (plus or minus certain adjustments required under the ITA) will be the adjusted cost base of the Shares at any particular time, against which a capital gain or capital loss will be measured on a sale or on a deemed disposition of the Shares.

An Investor will be considered to have disposed of his Shares when he assigns or sells his Shares, when he dies, if his Share is the subject of a gift, or where the Corporation is wound up or otherwise terminated. A Share which is the subject of a gift or which is held by an Investor at the time of his or her death is generally deemed to be have been disposed of for proceeds equal to fair market value at that time. However, in certain circumstances, a capital gain or capital loss will be deferred where such gift or bequest transfers the Share to the Investor's spouse.

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

An Investor will include one-half (1/2) of any capital gain in computing taxable income as a “taxable capital gain”. Similar proportions of a capital loss will be “allowable capital loss” that may be used to offset taxable capital gain in the year that the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gain in that year it may be carried back three (3) years and forward indefinitely to offset any taxable capital gains realized in those years.

Interest on Money Borrowed to Purchase Shares

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

After the disposition of a Share by a taxpayer, reasonable interest expense on money borrowed for the purpose of acquiring that Share will generally continue to be deductible until the borrowing is repaid regardless of whether a gain or loss was realized on the disposition of the Share; except to the extent any proceeds of disposition attributable to that borrowed money are used to make personal expenditures by the taxpayer or are not otherwise used for the purpose of earning income.

Registered Plans

Eligibility

The Shares will be qualified investments for RRSPs, RRIFs, RESPs, TFSAs and DPSPs (collectively, the “**Registered Plans**”) at a particular time if the Corporation qualifies as a MIC under the ITA at such particular time and if throughout the calendar year in which the particular time occurs, the Corporation does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant under the particular plan or of any other person who does not deal at arm's length with that person. Registered Plans will generally not be liable for tax in respect of any dividends received.

If the Corporation fails to qualify as a MIC at any time throughout a taxation year, shares of the Corporation may cease to be a qualified investment for Registered Plans. Where an RRSP or RRIF holds a non-qualified investment at the end of a month, the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired. Moreover, if an RRSP or RRIF holds a non-qualified investment at any time during a particular year, the RRSP or RRIF will be subject to tax under Part I of the ITA on income and capital gains attributable to the non-qualified investment. Similar penalties exist for RESP, TFSA and DPSP plans.

Interest Expense for RRSP Contributions

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

Distributions Received by RRSP from the Corporation

As noted, taxable dividends are deemed to be interest income to the Investor, which, together with one-half (1/2) of capital gains dividends, are added to the Investor's taxable income if the Shares are held personally by the Investor as capital property. Such distributions paid on Shares held by an RRSP, however, will not

be subject to tax in the RRSP, provided the RRSP has not borrowed money or carried on business and the annuitant under the RRSP is alive. An RRSP will not carry on business merely by holding Shares. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP when funds are withdrawn on maturity of the RRSP, which must occur no later than the end of the year in which the annuitant turns seventy-one (71) years old.

RRSP Contribution Limits

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

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

Funds or property withdrawn from an RRSP are taxable to the RRSP annuitant in the year of withdrawal. The amount of any non-qualified investment acquired by an RRSP in a year is included in the income of the annuitant for that taxation year.

Item 6 COMPENSATION PAID TO SELLERS AND FINDERS

Where permitted by applicable securities laws, the Corporation may pay cash commissions or referral fees to any one of, or a combination of, Registered Dealers and qualified finders who refer Investors to the Corporation. Certain investors may only be able to invest in the Shares by using the services of a Registered Dealer, and has retained Meadowbank for this purpose. The Corporation may pay a fee of up to 3% of the gross proceeds of the Offering received in connection with the sale of Shares pursuant to the Offering attributable to the applicable Registered Dealer or finder, and will be paid out of such gross proceeds of the Offering. Under no circumstances will a commission or referral fee be paid under any type of dividend reinvestment plan or periodic reinvestment plan.

Mortgage investment opportunities will be originated primarily through the Principal Mortgage Brokers. The Principal Mortgage Brokers (and any other mortgage brokers retained by the Manager) are entitled to retain any origination fees charged to a borrower. The Principal Mortgage Brokers (and other brokers, as applicable) are also entitled to retain lender fees and other fees (such as insufficient funds charges) charged to a borrower under a mortgage which in the ordinary commercial practice are used to compensate originators of mortgages, brokers, service providers and other referral sources.

It is anticipated that Meadowbank, an EMD in Ontario and therefore a Registered Dealer, will receive a commission of approximately 0.3% on all subscriptions. This commission may change over time, but in no event would it amount to more than 2.5%.

In addition to sales commissions paid by the Corporation, a Registered Dealer may arrange with an investor for payment of an account fee or service charge in connection with the purchase of Shares. Such fees are not paid by the Corporation and are negotiable by the investor directly with the dealer.

Item 7 RISK FACTORS

This is a speculative Offering. The purchase of Shares involves a number of risk factors and is suitable only for Investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. An investment in the Shares is a long term investment by virtue of the nature of the Corporation's business. There is no assurance of any return on an Investor's investment.

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

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

7.1 (a) Investment Risk

Risks that are specific to the Shares being offered under this Offering include:

- (i) **No Assurance of Achieving Investment Objectives** – There is no assurance that the Corporation will be able to achieve its investment objectives or be able to pay dividends at the level targeted by the Corporation, or at all, or be able to preserve its capital. The funds available for distribution to shareholders is expected to vary according to many factors, notably the interest and principal payments received in respect of mortgage loans held by the Corporation and the rate of return on the Corporation's cash balances (which will, in turn, depend on a number of factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry and government policy and regulation). There is no assurance that the Corporation's mortgage portfolio will earn any return, or that principal amounts advanced to mortgagors will be repaid or otherwise recovered by the Corporation. An investment in the Shares is suitable for Investors who can bear the risk of non-payment of dividends.

- (ii) **Absence of Market for the Shares and Resale Restrictions** – There is no public market for the Shares and the Corporation does not expect that any market will develop pursuant to this Offering or in the future. The Shares are not listed on a stock exchange or quoted on any public market in Canada or elsewhere. The Shares are subject to restrictions on transfer and resale imposed by applicable securities laws and the Corporation's articles and Unanimous Shareholder's Agreement. Unless permitted under securities laws, no holder of Shares can trade Shares before the date that is at least four (4) months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada. The Corporation is not, and currently has no intention of becoming, a reporting issuer

in any province or territory of Canada, and therefore all Shares will be subject to an indefinite hold period under applicable securities laws. The lack of a trading market and resale restrictions may impair an Investor's ability to sell their Shares at the time they wish to sell them or at a price that they consider reasonable, and Shares may not be readily accepted as collateral for a loan. Investors should be prepared to hold these securities indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Shares is suitable solely for persons able to make and bear the economic risk of a long-term investment.

- (iii) **Retraction Liquidity** – The Shares are retractable, meaning that holders of Shares have the right to require the Corporation to redeem the Shares upon appropriate notice from the Shareholder to the Corporation in accordance with the guidelines set forth in Item 5.1 – “Terms of Securities – Retraction Rights”. However, the Corporation provides no assurance that any Shareholder will be able to effect the redemption of any or all of their Shares at any time. Redemption of the Shares is subject to (a) the Corporation having access to sufficient excess cash, or other liquid assets, and being in compliance with the applicable corporate and securities legislation, and (b) the discretionary right of the Board to deny any request for redemption of Shares.
- (iv) **No Guarantees or Insurance** – Although mortgage loans made by the Corporation are carefully selected by the Corporation, there can be no assurance that such mortgage loans will have a guaranteed rate of return to investors or that losses will not be suffered on one or more mortgage loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change. In the event that additional security is given by the borrower or that a third party guarantees the mortgagor's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. A mortgagor's obligations to the Corporation are not guaranteed by the Government of Canada, the government of any province or any agency thereof, nor are they insured under the *National Housing Act* (Canada). Further, Shares are not “deposits” within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.
- (v) **No Voting Rights** – The Shares do not carry voting rights (apart from certain prescribed rights to vote granted under the Act, typically to effect fundamental changes in the Corporation's structure or on winding up) and, consequently, an Investor's investment in Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors. Furthermore, under the Management Services Agreement, the Manager is responsible for the management of the Corporation and is authorized to appoint the majority of the Board. In assessing the risks and rewards of an investment in Shares, potential Investors should appreciate that they are relying solely on the good faith, judgment and ability of the Manager to make appropriate decisions with respect to the management of the Corporation, and that they will be bound by the

decisions of the Corporation's and the Manager's directors, officers and employees. It would be inappropriate for Investors unwilling to rely on these individuals to this extent to purchase Shares.

- (vi) **Lack of Separate Legal Counsel** – The Investors, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Manager purport to have acted for the Investors or to have conducted any investigation or review on their behalf.
- (vii) **No Regulatory Review** – No securities regulatory authority or regulator has assessed the merits of the Shares or reviewed this Offering Memorandum, and purchasers under the Offering will not have the benefit of such an assessment or review.
- (viii) **Non-Mortgage Investments** – In addition to investing in mortgages, the Corporation may invest in other investments as permitted under the ITA. The ITA requires a MIC to have at least 50% of its assets invested in houses (as defined in Section 2 of the *National Housing Act* (Canada)) or on property included within a housing project (as defined in that Section), therefore the Corporation has discretion to invest in investments outside of mortgages, including but not limited to promissory notes, debentures or other such securities. The 'non-mortgage' investments may or may not be secured and may carry a greater risk than investing in mortgages.

(b) Corporation Risk

Risks that are specific to the Corporation include the following:

- (i) **MIC Tax Designation** – Under the Corporation's by-laws, the Corporation's directors are required to use their commercial best efforts to ensure that the Corporation qualifies as a MIC pursuant to the ITA. As well, the Board has the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions. **There can be no assurance, however, that the Corporation will be able to meet the ITA's MIC qualifications at all material times.** As a Corporation qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Shares. Rather, the dividends will be taxable in the hands of shareholders as if they had received an interest payment. If, for any reason, the Corporation fails to maintain its MIC qualification in a particular year, the dividends paid by the Corporation on the Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Shares might cease to be qualified investments for trusts governed by the Registered Plans with the effect that a penalty tax would be payable by the Investor.
- (ii) **Reliance on Third Parties** – In assessing the risk of an investment in the Corporation, potential investors should be aware that they will be relying on the good faith, experience and judgment of certain staff of the Manager, and of Mr.

Tzaferis in particular, and the Cannect entities maintaining their mortgage brokerage license. Should Mr. Tzaferis be unable or unwilling to continue his employment with the Manager, this could have a material adverse effect on the Corporation's business, financial condition and results of its operations. In order to manage the Corporation's business in the future, it may be necessary to add qualified management personnel to supplement or replace Mr. Tzaferis. The competition for such key qualified personnel is intense and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Corporation's business, financial condition and results of operations. Furthermore, since the Corporation's day-to-day activities are managed and administered exclusively by the Manager, the Corporation is exposed to adverse developments in the business and affairs of the Manager, to the Manager's management and financial strength, to the Manager's ability to operate its business profitably and to the ability of the Manager to retain any required licenses issued to it. The termination of the Management Services Agreement could have a material adverse effect on the Corporation's business, financial condition and results of operations.

- (iii) **The Principal Mortgage Brokers Risk** – The Principal Mortgage Brokers, each affiliates of the Manager, play a very significant role in sourcing mortgages for the Corporation to assess and, if determined acceptable, to invest. As the Principal Mortgage Brokers provide the initial conduct of most of the Corporation's mortgages there is initial exposure to the Principal Mortgage Brokers continuing to attract a steady stream of quality borrowers. Failure of the Principal Mortgage Brokers to provide a sufficient quantity and quality of mortgage borrowers will negatively affect the Corporation's results.

- (iv) **Potential Conflicts of Interest** – The Principal Mortgage Brokers, as brokers, have sole discretion in determining which mortgages they will make available to the Corporation for investment. Conflicts of interest may arise because of the fact that the Principal Mortgage Brokers also advise and distribute mortgage leads to others involved in the business of lending, which may be in direct competition with the Corporation. Furthermore, the Manager and the Principal Mortgage Brokers are owned and controlled by Mr. Tzaferis, who is also a director, officer and shareholder of the Corporation. In addition, the Corporation is often provided with intercompany loans from companies under the control of Mr. Tzaferis to fund mortgages. As a result of such relationships, there may be situations in which the interests of the Corporation conflict with those of Mr. Tzaferis. Transactions involving the Corporation, the Manager and the Principal Mortgage Brokers may be entered into without the benefit of arm's length bargaining. Consequently, the Corporation may make determinations and enter into transactions that benefit certain insiders and other conflicted parties. Although such determinations and transactions that give rise to conflicts of interest are subject to review and approval by the independent directors of the Corporation pursuant to the Act, there can be no assurance that will result in the Corporation obtaining outcomes as good as it might otherwise obtain if such determinations had been made and transactions negotiated on an arm's length basis.

- (v) **Litigation Risk** – The Corporation may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Corporation may not receive payments of interest or principal on a mortgage loan that is the subject of litigation, which could affect cash flows. An unfavourable resolution of any legal proceedings could have a material adverse effect on the Corporation, its financial position and results of operations.

(c) **Industry Risk**

There are also risks faced by the Corporation related to the industry in which it operates. Real estate investment is subject to significant uncertainties due to, among other factors, uncertain costs of construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns associated with the Corporation's mortgage loans reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgage loans. Inherent in these loans are completion risks as well as financing risks. In addition, prospective Investors should take note of the following:

- (i) **Credit Risk** – The Corporation provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Credit risk is the risk that the borrower will fail to discharge the obligation causing the Corporation to incur a financial loss. The Corporation will try to minimize its credit risk primarily by ensuring that the collateral value of the security fully protects both first and subsequent mortgage advances, that there is a viable exit strategy for each loan, and that loans are made to experienced and creditworthy borrowers. In addition, the Corporation intends to limit the concentration of risk by diversifying its mortgage portfolio by way of locations, property type, maximum loan amount on any one property and maximum loan amount to any one borrower.
- (ii) **Competition** – The Corporation is competing with many third parties, including other mortgage brokers and financial institutions, seeking investment opportunities similar to those sought by the Corporation. There is no assurance that the number of mortgages required to maintain an optimal level of investment will be funded, and this could have an adverse effect on the ultimate return to the Investor.

Such third parties may have greater name recognition and greater financial, managerial and technical resources than the Corporation. Competitors may reduce the interest rates that they charge, resulting in a reduction in the Corporation's share of the market, reduced interest rates on loans and reduced profit margins.

- (iii) **Sensitivity to Interest Rates** – Performance of the Corporation's mortgage portfolio is impacted by prevailing interest rates at any given time. The Corporation's income will consist primarily of interest payments on the mortgages comprising the Corporation's investment portfolio. In recent years, interest rates

have been at or near historic lows, however, since the year ended December 31, 2022, interest rates have steadily risen. Should the recent interest rates be further adjusted the Corporation may have to adjust the interest rates it charges in order to compete in the mortgage market. Thus, the Corporation may experience difficulties in achieving objectives and delivering adequate returns to the Investors if it is not able to adjust competitively to prevailing interest rate environments. Furthermore, due to the term of the mortgages made by the Corporation and the inability to accurately predict the extent to which the Corporation's mortgages may be prepaid, it is possible that the Corporation may not be able to sufficiently reduce interest rate risk associated with the replacement of such mortgages through new investments in mortgages.

- (iv) **Changes in Property Values** – The Corporation's mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers or the tenants. While independent appraisals are required before the Corporation may make any mortgage investment, the appraised values, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or making of leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and, if and to the extent they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.
- (v) **Environmental Liability of a Mortgage** – Under various laws applicable to the Corporation, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes, where the Corporation has exercised its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property. The Corporation does not systematically obtain environmental audits of all properties subject to mortgages. The Corporation shall only require an environmental audit on commercial properties or any property which, in its opinion, has the potential of carrying environmental liability.
- (vi) **Renewal of Mortgages** – There can be no assurances that any of the mortgages held by the Corporation can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage held by the Corporation, it is possible that either the mortgagor, the Corporation as mortgagee, or both, will elect not to renew such mortgage. In addition, if the mortgages in the Corporation's mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the

mortgagors and the mortgagees at the time of renewal and the terms of a refinancing may therefore not be as favourable as the terms of existing indebtedness.

- (vii) **Nature of the Investments** – Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to vary the mortgage portfolio promptly in response to changing economic or investment conditions. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.
- (viii) **Specific Investment Risk for Non-Conventional Mortgage Investments** – Nonconventional mortgage investments attract higher loan loss risk. This higher risk is compensated for by a higher rate of return. The failure of one or more borrowers to make payments according to the terms of their loan could result in the Corporation exercising its rights as mortgagee and may adversely affect the Corporation's rate of return, which is directly correlated to the receipt of mortgage payments. Also, the recovery of a portion of the Corporation's assets, such as the property put up as collateral by the defaulting mortgagor, could be tied up for a period of time, diverting resources away from the funding of new investments.
- (ix) **Foreclosure and Related Costs** – One or more borrowers could fail to make payments according to the terms of their mortgage loan, and the Corporation could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Corporation's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation's rights as mortgagee. Legal fees and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are borne by the shareholders collectively. Although these fees and costs are often recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, there is no assurance that they will actually be recovered. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period that the real property is owned regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations. Due to fluctuations in the housing market and the economy generally, there is a possibility that historical loan default rates may increase and that in any power of sale, the Corporation could lose some or a substantial portion of the principal amount loaned to the borrower.
- (x) **Priority Over Security** – The Corporation will from time to time make a loan in return for a second or third charge on the property. Second or third mortgage

investments attract higher loan loss risk due to their subordinate ranking to other mortgage charges and typically higher aggregate loan-to-value ratio. This higher risk is compensated for by a higher rate of return. Also, any real property may be subject to one or more liens which will take priority over a mortgage, even a first-ranking one. Such liens may arise, for example, as a result of unpaid municipal taxes or utility bills. When a charge on real property is in a position other than the first rank, it is possible for the holder of a prior charge, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the underlying real property. Such actions may include foreclosure, the exercising of a giving-in-payment clause or an action forcing the underlying real property to be sold (known as a “**power of sale**”). Foreclosure or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person, other than the holder of a first-ranking charge on the underlying real property, of the security of such real property. If an action is taken to sell the underlying real property and sufficient proceeds are not realized from such sale to pay off all creditors who have charges on the property (including a lien holder) ranking prior to the Corporation, the Corporation may lose all or part of its investment to the extent of such deficiency, unless it can otherwise recover such deficiency from other property owned by the borrower.

- (xi) **Borrowing Risk** – There is no assurance that the Corporation will be able to secure a line of credit or other borrowings from a financial institution in order to leverage the Corporation’s cost available to make mortgages. Accordingly, the Corporation’s returns may be affected. The Corporation will likely be required to grant a security interest over its mortgage portfolio as security for such loans. The default in making required loan payments could jeopardize the pool of mortgages to be provided as security. Additionally, the determination of rates of interest and repayment terms as well as the compensation of the mortgage portfolio to be provided as security is entirely in the discretion of the Board and there is no guarantee that they will be able to negotiate favorable terms.

- (xii) **Mortgage Defaults** – If a borrower under a mortgage loan subsequently defaults under any terms of the loan, the Manager, as agent on the Corporation’s behalf, has the ability to exercise the Corporation’s mortgage enforcement remedies in respect of the mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the Corporation’s cash flow. In addition, as a result of potential declines in real estate values, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such mortgages by exercising the Corporation’s mortgage enforcement remedies. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loans, the returns, financial condition and results of the Corporation’s operations could be adversely impacted.

(d) General Risk

- (i) **Disease Outbreaks** – A local, regional, national or international outbreak of a contagious disease, including, but not limited to, COVID-19, or any other similar

illness could result in a general or acute decline in economic activity in the regions the Corporation operates and may negatively impact the Corporation's business by, among other things, increased client credit risk and decreased property values. Public health crises, pandemics and epidemics could also adversely impact the Corporation's mortgagors' ability to meet their payment obligations, in addition to negatively impacting local, national or global economies.

- (ii) **Cybersecurity** – Although the Corporation and the Manager have put in place risk management protocols to address breaches in the Corporation's electronic systems, any breach may have a significant and material adverse disruption and negative impact to the Corporation's business. Such impact may expose the Corporation to significant liability, reputational harm and/or remediation expenses and potential fines.

Item 8 REPORTING OBLIGATIONS

The Corporation is not a reporting issuer for purposes of applicable securities legislation nor will it become a reporting issuer following the completion of the Offering. As a result, the Corporation will not be subject to the continuous disclosure requirements of such securities legislation, including requirements relating to the preparation and filing of audited annual financial statements and other financial information, the dissemination of news releases disclosing material changes in the business and affairs of the Corporation, and the filing of material change reports.

Under corporate or securities legislation and the Corporation's constating documents, **the Corporation is not required to send to Investors or make available any documents on an annual or on-going basis** other than: (i) audited financial statements within one hundred twenty (120) days after the end of each financial year; and (ii) such other information as required by applicable securities laws for a non-reporting issuer that distributes securities using the offering memorandum exemption (including annual notices of use of proceeds and notices of certain key events, if and when applicable), which will be made reasonably available to shareholders as required. Generally, disclosure documents are mailed to Investors or, if Investors receive notice that the disclosure documents can be viewed on a public website of the Corporation, on a website accessible by all Investors.

Notwithstanding the foregoing, the Corporation sends to Investors a monthly communique from the Manager indicating the performance of the Corporation during the previously completed monthly and quarterly period and makes available certain information regarding the performance of the Corporation's portfolio on its portal which may be found at <https://portal.cannectmic.com/>. The financial year of the Corporation ends on the 31st day of December of each year. The Manager also delivers to the Investors an annual letter in January of each year outlining the Corporation's performance during the previously completed financial year.

Item 9 RESALE RESTRICTIONS

9.1 General Statement

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

9.2 Restricted Period – For trades in British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia and Prince Edward Island

Unless permitted under securities legislation, you cannot trade the securities before the date that is at least four (4) months and a day after the Corporation becomes a reporting issuer in any province or territory of Canada.

9.3 Restricted Period – For trades in Manitoba

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

- (a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least twelve (12) months.

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

Item 10 PURCHASERS' RIGHTS

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

The descriptions below are summaries only, and are subject to, and qualified in their entirety by, the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder. Reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defenses.

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

10.1 Two Day Cancellation Right

You can cancel your agreement to purchase these Shares. To do so, you must send a notice to us by midnight on the second (2nd) Business Day after you sign the Subscription Agreement to buy the Shares.

10.2 Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto and, in some cases, advertising and sales material used in connection therewith, contains a “**misrepresentation**”, as defined in the applicable securities legislation. A “misrepresentation” is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within

the time limits prescribed by applicable securities legislation, and are subject to limitations and defenses under applicable securities legislation.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada (except Quebec and Newfoundland and Labrador) and the regulations, rules and policy statements thereunder. Investors should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor.

The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that investors may have at law.

10.3 Investors in Alberta

The right for damages or rescission described herein is conferred by Section 204 of the Alberta Act. The Alberta Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, as defined in the Alberta Act, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy these securities, or (b) for damages against (i) the Corporation; (ii) every director of the Corporation at the date of the Offering Memorandum; and (iii) every person or corporation who signed the Offering Memorandum; provided, however, that if you elect to sue the Corporation to cancel your subscription, you will have no right to sue the aforementioned persons for damages. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The Alberta Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or Corporation's knowledge or consent and that, on becoming aware of its being sent, the person or Corporation promptly gave reasonable notice to the Executive Director (as such term is defined in the Alberta Act) and the Corporation that it was sent without the knowledge of the person or Corporation;
- (c) they prove that the person or Corporation, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or Corporation's consent to the offering memorandum and gave reasonable notice to the Executive Director (as such term is defined in the Alberta Act) and the Corporation of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or Corporation proves that the person or Corporation did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum: (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of the document not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement

of an expert, after conducting a reasonable investigation, the person or Corporation had no reasonable grounds to believe, and did not believe, that there was a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years of the date of the transaction that gave rise to the cause of action.

10.4 Investors in British Columbia

The right of action for damages or rescission described herein is conferred by Section 132.1 of the BC Act. The BC Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, as defined in the BC Act, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy these securities, or (b) for damages against (i) the Corporation; (ii) every director of the Corporation at the date of the Offering Memorandum; and (iii) every person or Corporation who signed the Offering Memorandum; provided, however, that if you elect to sue the Corporation to cancel your agreement to buy these securities, you will have no right to sue the aforementioned persons for damages. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The BC Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser had knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Corporation that it was sent without the person's knowledge or consent;
- (c) if they prove that, on becoming aware of the misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the Corporation of the withdrawal and the reason for it; or
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or Corporation proves that the person or Corporation had no reasonable grounds to believe, and did not believe, that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum: (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, a person is not liable for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person failed to conduct a reasonable investigation to provide

reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves to not represent the depreciation in value of the security resulting from the misrepresentation. The amount recoverable by a plaintiff in any action for misrepresentation must not exceed the price at which the securities were offered under the offering memorandum.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years of the date of the transaction that gave rise to the cause of action.

10.5 Investors in Manitoba

The right of action for damages or rescission described herein is conferred by Section 141.1 of the Manitoba Act. The Manitoba Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy these securities while you are still an owner of the securities, or (b) for damages against (i) the Corporation; (ii) every director of the Corporation at the date of the Offering Memorandum; and (iii) every person or Corporation who signed the Offering Memorandum; provided, however, that if you elect to sue the Corporation to cancel your agreement to buy these securities, you will have no right to sue the aforementioned persons for damages. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The Manitoba Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or Corporation's knowledge or consent, and that, after becoming aware that it was sent, the person or Corporation promptly gave reasonable notice to the issuer that it was sent without the person's or Corporation's knowledge and consent;
- (c) they prove that after becoming aware of the misrepresentation, the person or Corporation withdrew the person's or Corporation's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, if the person or Corporation proves that the person or Corporation did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion, or statement; or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

- (e) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or Corporation (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) two (2) years of the date of the transaction that gave rise to the cause of action.

10.6 Investors in New Brunswick

The right of action for damages or rescission described herein is conferred by Section 150 of the *Securities Act (New Brunswick)* (the "**New Brunswick Act**"). The New Brunswick Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, you have a statutory right to sue: (a)(i) the Corporation or (ii) any selling security holder on whose behalf the distribution is made, as applicable, to cancel your agreement to buy these securities; or (b) for damages against (i) the Corporation; (ii) any selling security holder on whose behalf the distribution is made, (iii) every person who was a director of the Corporation at the date of the Offering Memorandum; and (iv) every person who signed the Offering Memorandum. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The New Brunswick Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or Corporation's knowledge or consent, and that, after becoming aware that it was sent, the person or Corporation promptly gave written notice to the issuer that it was sent without the person's or Corporation's knowledge and consent;
- (c) they prove that, after becoming aware of the misrepresentation, the person or Corporation withdrew the person's or Corporation's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or Corporation proves that the person or Corporation had no reasonable grounds to believe, and did not believe, that there had been a

misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person (i) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) one (1) year after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) six (6) years of the date of the transaction that gave rise to the cause of action.

10.7 Investors in Nova Scotia

The right of action for damages or rescission described herein is conferred by Section 138 of the Nova Scotia Act. The Nova Scotia Act provides, in relevant part, that if this Offering Memorandum or any “advertising or sales literature” (as such term is defined in the Nova Scotia Act) contains a misrepresentation, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy these securities while you are still an owner of the securities, or (b) for damages against (i) the Corporation; (ii) every director of the Corporation at the date of the Offering Memorandum; and (iii) every person or Corporation who signed the Offering Memorandum; provided, however, that if you elect to sue the Corporation to cancel your agreement to buy these securities, you will have no right to sue the aforementioned persons for damages. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The Nova Scotia Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person’s or Corporation’s knowledge or consent and that, on becoming aware of its delivery, the person or Corporation gave reasonable general notice that it was delivered without the person’s or Corporation’s knowledge or consent;
- (c) they prove that, after delivery of the offering memorandum or any amendment thereto, and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment thereto, the person or

Corporation withdrew the person's or Corporation's consent to the offering memorandum or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it;

- (d) with respect to any part of the offering memorandum or any amendment thereto purporting (i) to be made on the authority of an expert; or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or Corporation had no reasonable grounds to believe, and did not believe, that (A) there had been a misrepresentation; or (B) the relevant part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or Corporation (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, no person will be liable for all or any portion of the damages that they prove do not represent the depreciation in value of the securities as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within the earliest of (i) one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action, and (ii) one hundred twenty (120) days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years of the date of the transaction that gave rise to the cause of action.

10.8 Investors in Ontario

The right of action for damages or rescission described herein is conferred by Section 130.1 of the Ontario Act. The Ontario Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, you have a statutory right to sue the Corporation and any selling security holder on whose behalf the distribution is made to cancel your agreement to buy these securities, or for damages; provided, however, that if you elect to sue the Corporation to cancel your agreement to buy these securities, you will have no right to sue the aforementioned persons for damages. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The Ontario Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if they prove that the purchaser purchased the securities with knowledge of the misrepresentation.

The issuer and the selling security holders, if any, will not be liable for a misrepresentation in "forward looking information", as such term is defined under applicable Canadian securities laws, if they prove that:

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

The issuer and the selling security holders, if any, will not be liable for all or any portion of damages that they prove to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. In no case shall the amount recoverable exceed the price at which the securities were offered.

The rights referred to in (a) and (b) described above do not apply where this Offering Memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in Section 73.3 of the Ontario Act (the “accredited investor exemption”) if the purchaser is:

- (a) a Canadian financial institution, meaning either:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made thereunder; or
 - (ii) a bank, loan corporation, trust corporation, insurance corporation, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (d) a subsidiary of any of the foregoing, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

If you intend to rely on the rights described in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years of the date of the transaction that gave rise to the cause of action.

1.2 Investors in Prince Edward Island

The right of action for damages or rescission described herein is conferred by Section 112 of the PEI Act. The PEI Act provides, in relevant part, that if this Offering Memorandum contains a misrepresentation, you have a statutory right to sue: (a) the Corporation to cancel your agreement to buy these securities; or (b) for damages against (i) the Corporation; (ii) any selling security holder on whose behalf the distribution is made; (iii) every person who was a director of the Corporation at the date of the Offering Memorandum; and (iv) every person who signed the Offering Memorandum. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

The PEI Act provides various defenses to the persons or companies that you have a right to sue. In particular, they have a defense if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or Corporation's knowledge or consent, and that, after becoming aware that it was sent, the person or Corporation promptly gave written notice to the issuer that it was sent without the person's or Corporation's knowledge and consent;
- (c) they prove that, after becoming aware of the misrepresentation, the person or Corporation withdrew the person's or Corporation's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or Corporation proves that the person or Corporation had no reasonable grounds to believe, and did not believe, that there had been a misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person (i) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation.

Any person, including the Corporation, will not be liable for a misrepresentation in forward-looking information (as defined in the PEI Act) if the person proves that (a) this Offering Memorandum, or any amendment thereto, contained, proximate to the forward-looking information, (i) reasonable cautionary language identifying the forward-looking information as such, and (ii) identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and (c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information; provided, however, that the foregoing does not relieve a person or liability with

respect to forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

If you intend to rely on the rights described in (a) or (b) in the first paragraph above, you must do so within strict time limitations. You must commence your action to cancel the agreement within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of: (i) one hundred eighty (180) days after the date that you first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years of the date of the transaction that gave rise to the cause of action.

1.3 Investors in Saskatchewan

The right of action for damages or rescission described herein is conferred by Section 138 of the *Securities Act*, 1988 (Saskatchewan), as amended (the "**Saskatchewan Act**"). The Saskatchewan Act provides, in relevant part, that if this Offering Memorandum or any amendment thereto, is sent or delivered to you and it contains a misrepresentation, and you purchase a security covered by this Offering Memorandum or any amendment thereto, you have:

- (a) a right of action for damages or rescission against the Corporation or the selling security holder on whose behalf the distribution is made;
- (b) a right of action for damages against every promoter and director of the Corporation at the time the Offering Memorandum or any amendment thereto was sent or delivered;
- (c) a right of action for damages against every person or corporation whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) a right of action for damages against every person or corporation that, in addition to the persons or companies mentioned in (a) to (c) above, signed the Offering Memorandum or any amendment thereto; and
- (e) a right of action for damages against every person or corporation that sells securities on behalf of the Corporation under the Offering Memorandum or any amendment thereto;

Provided, however, that if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party. This statutory right to sue is available to you whether or not you relied on the misrepresentation.

Such rights of action for damages or rescission are subject to certain limitations including the following:

- (a) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or they prove do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

- (b) no person or corporation, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or corporation failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (d) no person or corporation is liable in an action for damages or rescission if that person or corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or corporation, other than the issuer or selling security holder, will be liable if the person or corporation proves that:

- (a) the offering memorandum or any amendment thereto was sent or delivered without the person's or corporation's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or Corporation gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or corporation withdrew the person's or corporation's consent to it and gave reasonable general notice of the person's or corporation's withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or corporation had no reasonable grounds to believe, and did not believe: (i) that there had been a misrepresentation; (ii) the part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert; or (iii) the part of the offering memorandum or of the amendment to the offering memorandum was not a fair copy of or extract from the report, opinion or statement of the expert; or
- (d) with respect to any part of the offering memorandum or of the amendment to the offering memorandum purporting to be made on the person's or corporation's own authority as an expert or purporting to be a copy of or an extract from the person's or corporation's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert: (i) the person or corporation had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of the amendment to the offering memorandum fairly represented the person's or corporation's report, opinion or statement; or on becoming aware that the part of the offering memorandum or of the amendment to the offering memorandum did not fairly represent the person's or corporation's report, opinion or statement as an expert, the person or corporation

immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or corporation would not be responsible for that part of the offering memorandum or of the amendment to the offering memorandum.

Furthermore, no person or corporation, other than the Corporation, will be liable with respect to any part of the offering memorandum or any amendment thereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or corporation (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation. If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or any amendment thereto, the misrepresentation is deemed to be contained in the offering memorandum or any amendment thereto.

The Saskatchewan Act also provides that, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action for rescission within one hundred eighty (180) days after the date of the transaction that gave rise to the cause of action. You must commence any action other than an action for rescission, within: (i) one (1) year after you first had knowledge of the facts giving rise to the cause of action; or (ii) six (6) years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act provides a purchaser who has received an amended offering memorandum delivered in accordance with Section 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who, or corporation that, is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two (2) Business Days of receiving the amended offering memorandum.

Item 11 FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the financial years ended September 30, 2022 and 2023 follow this page.

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Changes in Equity (Deficiency)
Year Ended September 30, 2023

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Changes in Equity
Year Ended September 30, 2023

	Share capital	Retained earnings	Total equity
Balances, September 30, 2021	\$ 470	\$ 8,714	\$ 9,184
As at September 30, 2022	<u>\$ 470</u>	<u>\$ 8,714</u>	<u>\$ 9,184</u>
Balances, September 30, 2022	\$ 470	\$ 8,714	\$ 9,184
As at September 30, 2023	<u>\$ 470</u>	<u>\$ 8,714</u>	<u>\$ 9,184</u>

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See the accompanying notes to these financial statements

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Cash Flows
Year Ended September 30, 2023

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Cash Flows
Year Ended September 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Net income and comprehensive income	\$ -	\$ -
Items not affecting cash:		
Interest revenue	(5,390,307)	(4,913,899)
Interest received on mortgages and loans receivable	4,115,778	3,859,871
Provision for loan losses	52,988	99,094
	<u>(1,221,541)</u>	<u>(954,934)</u>
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	3,001	10,001
	<u>3,001</u>	<u>10,001</u>
Cash flows used by operating activities	<u>(1,218,540)</u>	<u>(944,933)</u>
INVESTING ACTIVITIES		
Repayment of mortgages and loans receivable	22,364,986	17,562,505
Advances of mortgages and loans receivable	<u>(21,072,216)</u>	<u>(21,695,067)</u>
Cash flows from (used by) investing activities	<u>1,292,770</u>	<u>(4,132,562)</u>
FINANCING ACTIVITIES		
Advances from (repayment to) related parties	1,437,731	695,258
Proceeds from issuance of preferred shares	3,515,225	8,834,824
Redemption of preferred shares	(8,244,821)	(7,293,029)
Dividends reinvested	<u>1,909,054</u>	<u>1,675,395</u>
Cash flows from (used by) financing activities	<u>(1,382,811)</u>	<u>3,912,448</u>
DECREASE IN CASH FLOW	<u>(1,308,581)</u>	<u>(1,165,047)</u>
CASH - BEGINNING OF YEAR	<u>4,369,153</u>	<u>5,534,200</u>
CASH - END OF YEAR	<u>3,060,572</u>	<u>4,369,153</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Preferred shares issued in conjunction with a dividend re-investment plan	<u>\$ (1,909,054)</u>	<u>\$ 1,675,395</u>
CASH CONSISTS OF:		
Cash	\$ 3,026,318	\$ 4,357,523
Cash - held in trust	34,254	11,630
	<u>\$ 3,060,572</u>	<u>\$ 4,369,153</u>

See the accompanying notes to these financial statements

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Financial Position
As at September 30, 2023

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Financial Position
As at September 30, 2023

	2023	2022
ASSETS		
Cash (Note 6)	\$ 3,026,318	\$ 4,357,523
Cash - held in trust (Note 6)	34,254	11,630
Interest receivable (Note 6)	3,367,849	2,093,320
Mortgages and loans receivable (Note 5, 6, 7, and 8)	<u>45,742,788</u>	<u>47,088,546</u>
	<u>\$ 52,171,209</u>	<u>\$ 53,551,019</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 38,205	\$ 35,204
Preferred shares (Note 9)	49,487,889	52,308,431
Due to related parties (Note 6 and 8)	<u>2,635,931</u>	<u>1,198,200</u>
	<u>\$ 2,162,025</u>	<u>\$ 53,541,835</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 10)	470	470
RETAINED EARNINGS	<u>8,714</u>	<u>8,714</u>
	<u>9,184</u>	<u>9,184</u>
	<u>\$ 52,171,209</u>	<u>\$ 53,551,019</u>
COMMITMENTS (Note 12)		

See the accompanying notes to these financial statements

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Income and Comprehensive Income
Year Ended September 30, 2023

CANNECT MORTGAGE INVESTMENT CORPORATION
Statement of Income and Comprehensive Income
Year Ended September 30, 2023

	2023	2022
REVENUE		
Interest	\$ 5,390,307	\$ 4,913,899
Other service fees <i>(Note 8)</i>	173,143	495,978
	<u>5,563,450</u>	<u>5,409,877</u>
EXPENSES		
Management fees <i>(Note 8)</i>	942,632	932,000
Professional fees	162,335	142,607
Office and general	55,473	28,121
Provision for loan losses <i>(Notes 5 and 7)</i>	52,988	99,094
Insurance	6,823	6,845
	<u>1,220,251</u>	<u>1,208,667</u>
INCOME FROM OPERATIONS	4,343,199	4,201,210
DIVIDENDS - PREFERRED SHARES	<u>(4,343,199)</u>	<u>(4,201,210)</u>
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>

See the accompanying notes to these financial statements

Item 12 FINANCIAL STATEMENTS

This Offering Memorandum does not contain a misrepresentation.

Dated: May 1, 2024

CANNECT MORTGAGE INVESTMENT CORPORATION



Marcus Tzaferis
Chief Executive Officer

ON BEHALF OF THE BOARD



San Yun Han



David Mason

PROMOTERS



Marcus Tzaferis
Chief Executive Officer
Cannect Mortgage Investment Corporation