

*This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and only to those persons to whom they may be lawfully offered for sale. No prospectus has been filed or will be filed with any such authority in connection with the securities offered hereunder. The Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not, and under no circumstances, is to be construed as a prospectus or advertisement or a public offering of these securities. No person is authorized to give any information or make any representation not contained in the Offering Memorandum in connection with the offering of these securities and if given or made, any such information or representation may not be relied upon.*

## OFFERING MEMORANDUM



Date: **October 28, 2025**

### The Issuer

Name: RiverRock Mortgage Investment Corporation  
("RiverRock" or the "Corporation" or the "Issuer").

Head office: Address: 200 Bay Street, Suite 3120,  
Toronto, Ontario  
M5J 2J1

Phone: (416) 504-1886  
E-mail: info@riverrockmic.com  
Website: www.riverrockmic.com

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

### The Offering

Securities offered: Class A Non-Voting Common Shares  
Class F Non-Voting Common Shares  
Class N Non-Voting Common Shares  
(collectively, the "Offered Shares")

Price per security: \$10.00 per Offered Share

Minimum/Maximum Offering: The Offered Shares are being offered on a continuous basis. **There is no minimum or maximum offering size. You may be the only purchaser.**

Minimum subscription amount:	The minimum subscription amount for Offered Shares is \$2,500, and each additional investment must be in an amount that is not less than \$5,000 provided that the Corporation may in its sole discretion waive or vary the additional investment amount at any time, subject to applicable laws.
Payment terms:	The subscription price for the Offered Shares is payable in full by the applicable closing date by bank draft, wire transfer or such other form of payment acceptable to the Corporation. See <i>Item 5.2 "Subscription Procedure"</i> .
Proposed Closing Dates:	On the first business day of each month or such other date(s) as determined at the sole discretion of the Corporation. The right is reserved to close the subscription books at any time without notice. See <i>Item 5.2 "Subscription Procedure"</i> .
Income tax consequences:	There are important tax consequences to these securities. See <i>Item 8 "Income Tax Consequences and RRSP Eligibility"</i> .

### **Insufficient Funds**

**Funds available under this offering may not be sufficient to accomplish our proposed objectives. See *Item 2.6 "Insufficient Funds"*.**

### **Compensation Paid to Sellers and Finders**

A person has received or will receive compensation for the sale of securities under this offering. See *Item 9 "Compensation Paid to Sellers"*.

### **Underwriter**

The Corporation intends to sell Class F Shares and Class N Shares on an exclusive basis through Ninepoint Partners LP ("**Ninepoint**"), an exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan.

The Corporation intends to sell Class A Shares on a non-exclusive basis primarily through Belco Private Capital Inc. ("**Belco**"), an exempt market dealer registered in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan.

### **Resale restrictions**

The Corporation is not a reporting issuer or equivalent and has no present intention of becoming a reporting issuer in any province of Canada. You will be restricted from selling your securities for an indefinite period. See *Item 12 "Resale Restrictions"*.

### **Working Capital Deficiency**

Not applicable.

### **Payments to Related Party**

Not applicable.

### **Certain Related Party Transactions**

Not applicable.

**Certain Dividends or Distributions**

The Corporation has not paid dividends or distributions in the two most recently completed financial years or any subsequent interim period that exceeded cash flow from operations.

**Conditions on Repurchases**

You will have a right to require the Corporation to repurchase (retract) the Offered Shares from you, but this right is qualified by certain restrictions (which differ based on the Class of Offered Shares), including, minimum notice periods, hold periods and the right of the Corporation to suspend the right to require the Corporation to repurchase the Offered Shares in certain circumstances. As a result, you might not receive the amount of proceeds that you want. See *Item 5.1 Terms of Securities*.

**Purchaser's rights**

A subscriber relying on the “offering memorandum” prospectus exemption has two (2) business days to cancel the agreement to purchase the Offered Shares. If there is a misrepresentation in this Offering Memorandum, a Subscriber relying on the “offering memorandum” prospectus exemption has, and other Subscribers may have, the right to sue either for damages or to cancel the agreement. See *Item 13 “Purchaser’s Rights”*.

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See *Item 10 “Risk Factors”*.**

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## FORWARD-LOOKING INFORMATION

The disclosure in this Offering Memorandum contains “forward-looking information” for the purpose of applicable securities legislation, as it contains statements of the Corporation and the Administrator's intended course of conduct and future operations. These statements include those identified by the expressions “anticipates”, “believes”, “estimates”, “expects”, “may”, “will”, “intends” and similar expressions (including negative and grammatical variations) of such words or phrases or state that certain actions, events or results “may”, “could”, “would” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Examples of such forward-looking information include, but are not limited to: the Corporation’s targeted annual dividend yield, the frequency of dividend payments that the Corporation is targeting, the Corporation’s intended investment policies and strategies and the ability of the Corporation to qualify as a “mortgage investment corporation” under the Tax Act. Actual results, performance and developments may differ, and may differ materially, from those expressed or implied by the forward-looking information contained in the Offering Memorandum. Such forward-looking information is based on a number of factors and assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to maintain a portfolio of mortgages capable of generating the annual yield or returns necessary to enable the Corporation to achieve its objectives, the qualification of the Corporation as a “mortgage investment corporation” under the Tax Act, the maintenance of prevailing interest rates at favorable levels, the ability of borrowers to service their mortgage obligations, the ability of the Administrator to effectively perform its obligations to the Corporation, anticipated costs and expenses, competition and changes in general economic conditions including as a result of the impact of any geopolitical developments. Neither the Corporation nor the Administrator intends, or assumes any obligations, to update any forward-looking information contained herein, except as required by applicable laws. Forward-looking information should not be relied upon as representing the Corporation or the Administrator’s views as of any date subsequent to the date of the Offering Memorandum. Although the Corporation attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate. Investors are urged to read “*Risk Factors*” for a discussion of other factors that will impact the operations and success of the Corporation. See *Item 10 “Risk Factors*”.

## **DOCUMENTS INCORPORATED BY REFERENCE**

In addition to and apart from this Offering Memorandum, the Issuer may utilize certain marketing materials in connection with the Offering. These materials may include fact sheets and investor presentations. All such marketing materials are specifically incorporated by reference into and form an integral part of this Offering Memorandum. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently delivered Offering Memorandum which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

## DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set out below:

**“Administrator”** means RiverRock Management Inc.

**“Control person”** means, (a) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of the Corporation to affect materially the control of the Corporation, and, if a person or company holds more than 20 per cent of the voting rights attached to all outstanding voting securities of the Corporation, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the Corporation, or (b) each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of the Corporation to affect materially the control of the Corporation, and, if a combination of persons or companies holds more than 20 per cent of the voting rights attached to all outstanding voting securities of the Corporation, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the Corporation.

**“Articles”** means the articles of incorporation of the Corporation, as the same may be amended.

**“Belco”** means Belco Private Capital Inc., in its capacity as exempt market dealer in connection with the Offering.

**“Board of Directors”** means the board of directors of the Corporation.

**“Corporation”** means RiverRock Mortgage Investment Corporation.

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

**“Credit Committee”** means the credit committee established by the Corporation.

**“DRIP”** means the Corporation’s dividend reinvestment plan. See *Item 5.1 “Terms of Securities -Dividend Reinvestment Plan”*.

**“DRIP Enrollment Form”** means the enrollment form indicating that the Subscriber elects to participate in the DRIP (which may be included in the investor’s Subscription Agreement).

**“Investment Committee”** means the investment committee established by the Corporation.

**“MIC”** means a “mortgage investment corporation” within the meaning of the Tax Act.

**“Mortgage Administration Agreement”** means the amended and restated mortgage administration agreement between the Corporation and the Administrator dated as of September 14, 2018, as the same may be amended.

**“Mortgage Broker”** means a mortgage broker licensed under applicable Mortgage Brokerages Legislation that performs mortgage brokerage services for the Corporation.

**“MBLAA”** means the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), as amended.

**“Mortgage Brokerages Legislation”** means the MBLAA and other similar legislation in other provinces of Canada where the Corporation and/or the Administrator is considered to carry on business.

**“Mortgage Portfolio”** means the portfolio of mortgages on real property held by the Corporation from time to time.

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

**“Ninepoint”** means Ninepoint Partners LP, in its capacity as exempt market dealer in connection with the Offering.

**“Offered Shares”** means the Class A, Class F and Class N Non-Voting Common Shares of the Corporation.

**“Offering”** means the offering of the Offered Shares pursuant to this Offering Memorandum.

**“Offering Memorandum”** means this offering memorandum and any marketing materials which are incorporated into and form part of this Offering Memorandum.

**“Principal Shareholder”** means a holder of the Corporation’s Voting Shares.

**“Registered Plans”** means trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans (“**DPSPs**”), registered education savings plans (“**RESPs**”), registered disability savings plan (“**RDSPs**”), first home savings accounts (“**FHSAs**”), and tax free savings accounts (“**TFSAs**”).

**“Related Persons”** has the meaning ascribed to that term in the Tax Act as it relates to the description of the number of shares that may be held by shareholders of a MIC.

**“Subscriber”** means a person who subscribes for any class of Offered Shares.

**“Subscription Agreement”** means a subscription agreement for Offered Shares in the form(s) approved by the Corporation from time to time.

**“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp).

**“Voting Shares”** means the Voting Common Shares of the Corporation.

## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Funds

The Offered Shares will be offered on a continuous basis at a subscription price equal to \$10.00. There is no minimum or maximum offering size. Subscriptions for Offered Shares must be in a minimum amount of \$2,500, and each additional subscription for Offered Shares must be in a minimum amount of \$500. The Corporation reserves the right to waive the minimum investment requirement for particular investor(s) subject to compliance with applicable securities law.

		Assuming minimum offering <sup>(1)</sup>	Assuming maximum offering <sup>(1)</sup>
A	Amount to be raised by this offering	N/A	N/A
B	Selling commissions and fees <sup>(2)</sup>	N/A	N/A
C	Estimated offering costs (including legal, accounting and audit) <sup>(3)</sup>	N/A	N/A
D	Net proceeds: $D = A - (B + C)$	N/A	N/A
E	Additional sources of funding required <sup>(4)</sup>	N/A	N/A
F	Working capital deficiency <sup>(5)</sup>	N/A	N/A
G	<b>Total: <math>G = (D + E) - F</math></b>	N/A	N/A

Notes:

- (1) There is no minimum or maximum offering. The Corporation intends to offer an unlimited number of Offered Shares on a continuous basis. As of October 1, 2025, there are 15,957,829 Non-Voting Common Shares issued and outstanding.
- (2) The Corporation does not pay any commissions or fees to registered dealers out of the proceeds of the Offering. Subscribers purchasing Class N Shares may be charged a commission by their registered dealer of up to 2% of the subscription amount for the Offered Shares sold by them. This commission is negotiated between the dealer and the subscriber and will be paid directly by the subscriber to their dealer. All minimum subscription amounts are net of any commissions paid by an investor to their registered dealer. See *"Item 9 – Compensation Paid to Sellers and Finders"*.
- (3) Offering costs are estimated to be approximately \$30,000 and consists of legal fees payable by the Corporation to its advisors. The Corporation expects to pay these costs from revenue generated after investment of the proceeds of the Offering.
- (4) Although the Corporation intends to fund its investments primarily through capital raised from the issuance of Offered Shares or other equity financings, the Corporation may also fund investments using leverage, as permitted by the Tax Act. Credit facilities obtained by the Corporation may represent up to 100% of the book value of the Corporation's Mortgage Portfolio and less than the maximum leverage allowed for MICs under the Tax Act. See *"Item 2 – Business of the Issuer – 2.2 The Business – Borrowing Strategy"* for a description of the Corporation's use of borrowing.
- (5) The Corporation does not currently have and does not expect to have a working capital deficiency.

### 1.2 Use of Available Funds

The Corporation will use the available funds raised pursuant to the Offering as follows:

Description of intended use of available funds listed in order of priority	Assuming minimum offering <sup>(1)</sup>	Assuming maximum offering <sup>(1)</sup>
Investment In mortgages and other qualified investments <sup>(2)</sup>	N/A	N/A
Total: Equal to G in the Funds table above	N/A	N/A

Notes:

- (1) There is no minimum or maximum offering. The Corporation intends to offer an unlimited number of Offered Shares on a continuous basis.
- (2) The available funds will be used primarily to invest in mortgages in accordance with the Corporation's investment policies. See *Item 2 "Business of the Issuer"*.

### **1.3 Proceeds Transferred to other Issuers**

None of the proceeds of the Offering will be invested in, loaned to, or otherwise transferred to another issuer.

## **ITEM 2 - BUSINESS OF THE CORPORATION**

### **2.1 Structure**

RiverRock Mortgage Investment Corporation was incorporated as a private corporation under the *Canada Business Corporations Act* by Articles of Incorporation on July 8, 2014. The head and registered office of the Corporation is located at 200 Bay Street, Suite 3120, PO Box 44, Toronto, Ontario, M5J 2J1.

The Corporation is authorized to issue an unlimited number of voting shares (the "**Voting Shares**"); an unlimited number of Class A Non-Voting Common Shares, Class F Non-Voting Common Shares and Class N Non-Voting Common Shares (collectively, the "**Offered Shares**"); an unlimited number of Class A1 Non-Voting Common Shares (the "**Class A1 Shares**"), an unlimited number of Class B Non-Voting Common Shares (the "**Class B Shares**"); and an unlimited number of Class I Non-Voting Common Shares (the "**Class I Shares**"). Only the Offered Shares are currently offered hereunder.

### **2.2 The Business**

#### **Corporate Objective**

The Corporation intends to qualify at all relevant times as a MIC under the Tax Act. The Corporation's objective is to generate a regular stream of income from its holdings of mortgage loans within the MIC criteria prescribed by the Tax Act, while preserving capital. The Corporation's primary activity is earning income by investing in mortgages.

**The only permitted undertaking of a MIC under criteria prescribed by the Tax Act is the investing of its funds and it is specifically prohibited from managing or developing real property.**

#### **Activities of the Corporation**

The MIC criteria under the Tax Act permit revenue sources other than residential mortgages, including equity investments in real estate, investments in stocks and securities of Canadian companies and mortgage lending in respect of commercial real estate. However, the Corporation currently intends to invest substantially all of its assets in mortgages secured by Canadian real estate consisting of residential properties in Ontario. Notwithstanding the Corporation's current intent to focus its mortgage investments in Ontario, the Corporation has the discretion to expand the market segments in which it maintains its mortgage investments subject to compliance with applicable laws.

There is an established need for real estate mortgage financing that is not readily provided by banks, trust companies, credit unions and other traditional lenders. Short term mortgage financing is a continuing need of individuals, builders and real estate developers. The Corporation's borrowers generally do not meet traditional lenders criteria due to factors such as self-employment, limited or poor credit history and/or being new immigrants to Canada. As a result of their needs for flexibility and prompt approvals, they often require the services of private lenders and organizations such as the Corporation. The Corporation intends to indirectly originate and source mortgage loans through the Administrator's mortgage brokerage division as well as third-party licensed mortgage brokers to facilitate such mortgage financing.

The rate of return the Corporation earns from its mortgage investments will fluctuate with prevailing market demand for short term mortgage financing. In some cases, the Corporation's mortgage investments may not meet the financing criteria for conventional mortgages from institutional sources, and as a result, these investments will generally earn a higher rate of return than that normally attainable from conventional mortgage investments. The Corporation attempts to minimize risk by being prudent in both its credit decisions and in assessing the value of the underlying real property offered as security. See *Item 10 "Risk Factors"*.

To facilitate the Corporation's investments in mortgages, including mortgage administration and the origination of mortgages, the Corporation has entered into the Mortgage Administration Agreement with the Administrator. See *Item 2.8 "Material Contracts"*.

All investments made by the Corporation will comply with the investment policies of the Corporation. The Corporation intends to conduct its affairs to qualify at all relevant times as a MIC under the Tax Act. See *Item 10 "Risk Factors"*. The Corporation will distribute all of its net income and any net realized capital gains, as determined under the Tax Act, as dividends during each year or within ninety (90) days of its year end. See *Item 5.1 "Terms of Securities"*. As a MIC under the Tax Act, the Corporation is allowed to deduct such dividends from income and as a result does not expect to pay any income tax. See *Item 8.2 "Description of Income Tax Consequences"*.

### **Investment Strategy**

The investment strategy of the Corporation is to invest in a portfolio of residential mortgages from borrowers in market segments located in Ontario which are underserved by large financial institutions. The Corporation has discretion to expand the market segments in which it maintains its mortgage investments subject to compliance with applicable laws.

It is anticipated that all of the Corporation's mortgage investments will be residential mortgages secured by real property located in Ontario, which may include but is not limited to, single family dwellings, duplexes, townhouses, condominium units, or rental income producing property, up to 4 units.

The Corporation intends to maintain a mix of mortgage types in its portfolio, including first and second mortgages, owner occupied and rental properties and term financing on mortgages on income producing properties. The Corporation has underwriting policies and procedures that are approved by the Board on an annual basis. As of the date of this Offering Memorandum, a typical loan size for the Corporation is expected to range from \$50,000 to \$2,000,000 for first mortgages and \$25,000 to \$500,000 for second mortgages. It is anticipated that mortgages held by the Corporation will typically have a term of 6 months

or 1 year. As of the date of this Offering Memorandum, the interest rates on the Corporation's first mortgages generally ranges from 6.99% to 9.99% and interest rates on second mortgages range from 9.99% to 13.99%. The maximum aggregate principal amount of mortgages that the Corporation will issue to any one borrower is \$5 million. Second mortgages will generally not exceed 25% of the Corporation's mortgage portfolio.

Any cash held by the MIC pending investments in mortgages will be deposited into an interest-bearing account at a chartered bank.

Although under the Tax Act up to 25% of the cost amount to the Corporation of its property may be invested directly in real estate properties (which restriction is not applicable to real estate properties acquired by the Corporation by foreclosure or otherwise after default made on a mortgage, hypothec or agreement of sale of real or immovable property), it is expected that the Corporation will only acquire real estate properties by power of sale, foreclosure or otherwise after default occurs on a mortgage held by the Corporation.

The Corporation may employ leverage within the limits permitted for MICs by the Tax Act. Any loan facility/facilities obtained by the Corporation, if fully drawn down, could represent up to 100% of the total book value of the Mortgage Portfolio and less than the maximum amount permitted for MICs by the Tax Act. See *Item 2.2 "The Business" and "Borrowing Strategy"*.

The borrower's ability to repay a Mortgage is assessed as part of the initial application process in accordance with the Administrator's underwriting guidelines. Each loan in the Mortgage Portfolio is reviewed by the Administrator on an annual basis. On renewal, the Administrator considers a number of factors including the borrower's repayment history and a new appraisal of the property is completed if it has been more than 24 months since the initial appraisal of the property. The Corporation's current investment policy prohibits loans to related parties.

### **Investment Policies, Practices and Restrictions**

The Corporation's investment policies, practices and restrictions include, but are not limited to, the following:

- the Corporation expects to invest only in residential mortgages and to hold first and second mortgages on residential properties up to 80% loan-to-value.
- the Corporation intends to focus its investments in both urban and suburban areas in Ontario, although the Corporation may expand the market segments in which it maintains its mortgage investments subject to compliance with applicable laws;
- the Corporation may invest in demand loans and/or term loans secured by commercial and residential real estate;
- the Corporation invests only in mortgages secured on real property;
- the Corporation will not borrow funds in excess of 100% of the total book value of the Mortgage Portfolio;

- mortgage investments will be made only when presented to the Corporation by the Administrator and approved by the Investment Committee;
- all mortgages will be registered on title to the subject property in the Corporation's name;
- cash balances not invested in mortgages will be deposited with a Canadian chartered bank in short term deposits and/or savings accounts;
- the Corporation will not invest in any mortgage or make any investment that would result in its failure to qualify as a MIC as defined in the Tax Act;
- the Corporation will not invest for the purposes of exercising control over management of any issuer;
- the Corporation will not guarantee the securities or obligations of any person; and
- the Corporation will not loan money to, or invest in, securities of the Administrator, or the Administrator's affiliates or other non-arm's length parties, other than investments in mortgages recommended to the MIC by the Administrator in accordance with the Mortgage Administration Agreement.

The Corporation's investment policies, practices and restrictions set out above may be amended, supplemented or replaced from time to time by unanimous approval of the Board of Directors. Notwithstanding the foregoing, unanimous approval of the Board of Directors is not required for any changes to the foregoing in order to comply with applicable laws.

### **Borrowing Strategy**

Management believes that utilization of a moderate level of borrowing may enhance the total return to its shareholders. Accordingly, the Corporation may from time to time borrow funds from financial institutions, subject to applicable laws and the Articles. Management believes such borrowing will enable the Corporation to make its use of funds more efficient since it may allow it to operate without having excessive uninvested funds on hand due to the variable and unpredictable nature of funding commitments and investor inflows and outflows. Additionally, the Corporation expects to earn a positive interest rate spread between the interest earned from investing such borrowings and the interest rate paid by the Corporation on those borrowings.

From a leverage perspective, the credit facilities obtained by the Corporation may represent up to 100% of the book value of the Mortgage Portfolio and less than the maximum leverage allowed for MICs under the Tax Act. In connection with any credit facility, the Corporation may grant security over any individual asset or any pool of assets. The Corporation currently has a demand operating loan facility with a syndicate of Canadian chartered bank lenders. See Item 4.2 – *Long and Short-Term Debt*.

### **Corporation's Credit Committee**

The Corporation has established a Credit Committee the members of which are appointed by the Board of Directors. As of the date hereof, the Credit Committee is comprised of Nick Kyprianou, Anthony Pistillo and Ali Jaffer. Two members of the Credit Committee are required to approve decisions by the Credit Committee, other than decisions which are exceptions to the Corporation's investment policy, which require all three members of the Credit Committee to approve. The Credit Committee meets as required and in any event no less than quarterly to provide strategic guidance and direction to the Corporation.

The Credit Committee's responsibilities include:

1. reviewing the Corporation's mortgage investments, borrowings and any proposed acquisitions and dispositions;
2. reviewing the Corporation's investment policies, practices and restrictions;
3. making recommendations to the Board of Directors regarding any changes to the Corporation's investment policies, practices and restrictions; and
4. dealing with such other matters as may be referred to the Credit Committee by the Board of Directors.

### **Corporation's Investment Committee**

The Corporation has established an Investment Committee the members of which will be appointed by the Board of Directors of the Corporation. As of the date hereof, the Investment Committee is comprised of Nick Kyprianou and Anthony Pistillo.

The Investment Committee's responsibilities include:

1. reviewing all proposals regarding investments in, and acquisitions of, mortgages and approving or rejecting such proposals;
2. adjudicating and advising on transactions involving potential conflicts of interest; and
3. dealing with such other matters as may be referred to the Investment Committee by the Board of Directors.

### **The Administrator**

The Administrator is a corporation incorporated under the laws of the Province of Ontario on April 17, 2014. The Administrator is licensed as a Mortgage Administrator (License No. 12514) and a Mortgage Brokerage (License No. 13306) through the Financial Services Regulatory Authority of Ontario.

The Administrator conducts its mortgage brokerage business under the trade name "Custom Capital Lending" and will provide mortgage origination and underwriting services for the Corporation. The Administrator may also rely on its network of third-party licensed mortgage brokers to originate mortgages on behalf of the Corporation.

The Administrator's key personnel have extensive experience in the business of originating, underwriting and servicing mortgages in the alternative mortgage market segments in Ontario. The Corporation believes that these qualifications and experience put the Administrator in an advantageous position to provide the Corporation with related mortgage administration and origination services.

Nick Kyprianou, the President and Chief Executive Officer of the Administrator and Anthony Pistillo, Chief Operating Officer of the Administrator, each have extensive experience in mortgage lending and have established relationships with experienced brokers, owners, builders, developers, property appraisers and others active in the real estate industry. The Corporation believes the Administrator is therefore suitably qualified to locate and recommend investment opportunities for the Corporation. The Administrator receives compensation from the Corporation in connection with the services it provides. See *Item 2.8 – "Material Contracts – Mortgage Administration Agreement"*.

### **2.3 Development of the Business**

The Corporation was incorporated on April 17, 2014. Since its incorporation, the Corporation has raised an aggregate of \$298,628,315 reflecting the issuance of 29,862,831 Non-Voting Common Shares and, as of October 1, 2025, has 15,957,829 Non-Voting Common shareholders. The Corporation qualifies as a MIC under the Tax Act and has been engaged in raising capital for investments described under *"Item 2.2 – The Business"*.

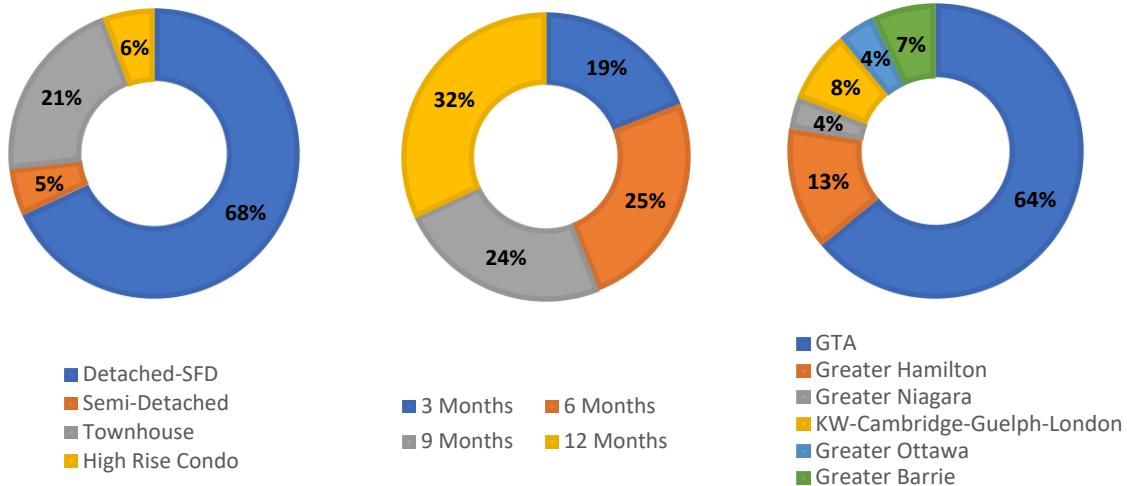
The Corporation reduced the target yield to investors as of January 1, 2025 by 50 basis points across all classes of Offered Shares. Class A was reduced from 8.50% to 8.00%, Class F was reduced from 8.75% to 8.25% and Class N was reduced from 7.75% to 7.25%. The Corporation has declared and distributed dividend income monthly since inception and intends to continue to declare and distribute dividends on a monthly basis to holders of Offered Shares. Amounts for operating expenses, retraction proceeds and distributions have to date been funded by income earned on the Portfolio and have not been paid from the proceeds of the offering of Offered Shares.

Other than as noted above, as of the date of this Offering Memorandum there are no major events that have occurred or conditions that have influenced, whether favourably or unfavourably, the development or financial conditions of the Issuer's business over the past two recently completed fiscal years. To date the Corporation has only provided mortgages secured by real property in Ontario.

The information contained in this section is as of the date shown. The actual investments held, and the makeup of the investments in the Portfolio will fluctuate over time and are not indicative of the future. All investments are made in accordance with the information and policies described in *"Item 2.2 – The Business"*.

### Portfolio Summary

As at September 30, 2025, the Mortgage Portfolio comprised 468 mortgages with an aggregate principal amount of \$230,353,049 and 92% of the mortgages in the Mortgage Portfolio were in good standing. The following depicts a breakdown of the types of properties represented in the Mortgage Portfolio, the average term to maturity and the regions where the mortgaged properties are located.



The following is a summary of the Mortgages in the Portfolio as of June 30<sup>th</sup> for the Corporation's 2024 and 2025 financial years.

Item	Value as of June 30, 2024	Value as of June 30, 2025
(a) The average of the interest rates payable under the mortgages, weighted by the principal amount of the mortgages	10.25%	9.55%
(b) The average of the terms to maturity of the mortgages, weighted by the principal amount of the mortgages	7 months	6 months
(c) The average loan-to-value ratio of the mortgages, calculated for each mortgage by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property, weighted by the principal amount of each mortgage	69.82%	70.66%

(d) The principal amount, and the percentage of the total principal amount of the mortgages, that rank in the following:	Aggregate principal amount of Mortgage Portfolio: \$236,078,159	Aggregate principal amount of Mortgage Portfolio: \$234,905,106
(i) first priority	\$193,433,610 81.94%	\$199,400,241 84.89%
(ii) second priority	\$42,644,549 18.06%	\$35,504,865 15.11%
(iii) third or lower priority	N/A	N/A
(e) The principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each jurisdiction of Canada, each state or territory of the United States of America and each other foreign jurisdiction	\$236,078,159 100% Ontario	\$234,905,106 100% Ontario
(f) A breakdown by property type, and the principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each property type	Owner occupied \$190.23 M – 80.58%  Rental \$39.70 M – 16.81%  Owner occupied + rental component \$6.15M – 2.61%	Owner occupied \$192.84 M – 82.09%  Rental \$37.84 M – 16.11%  Owner occupied + rental component \$4.22 M – 1.80%
(g) With respect to mortgages that will mature in less than one year of September 30, 2025, the percentage that those mortgages represent of the total principal amount of the mortgages	100%	100%
(h) With respect to mortgages with payments more than 90 days overdue, the number of those mortgages, the principal amount of those mortgages, and the percentage that those mortgages represent of the total principal amount of the mortgages	10 Mortgages in default with an aggregate principal amount of \$7,612,340 representing 3.22% of the total principal amount of the Mortgage Portfolio	33 Mortgages in default with an aggregate principal amount of \$22,579,833 representing 9.61% of the total principal amount of the Mortgage Portfolio
(i) With respect to mortgages that have an impaired value, the principal amount and the percentage that those mortgages represent of the total principal amount of the mortgages	\$8,180,467 3.47%	\$5,877,256 2.50%

(j) For any mortgages that are not impaired or in default, but for which the issuer has made accommodations to respond to financial difficulties of the borrower, if the accommodations would be material to a reasonable investor, a summary of the accommodations, and the principal amount and the percentage that those mortgages represent of the total principal amount of the mortgages	N/A	N/A
(k) If known by the Corporation, or if reasonably available to the Corporation, the average credit score of the borrowers, weighted by the principal amount of the mortgages	674	670
(l) If a mortgage comprises 10% or more of the total principal amount of all the mortgages held by the Corporation:	N/A	N/A
(i) the principal amount and the percentage of the total principal amount of the mortgages	N/A	N/A
(ii) the interest rate payable	N/A	N/A
(iii) the term to maturity	N/A	N/A
(iv) the loan-to-value ratio, calculated by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property	N/A	N/A
whether the mortgage ranks in first, second, or third or lower priority	N/A	N/A
(v) the property type	N/A	N/A
(vi) where the property is located	N/A	N/A
(vii) any payment that is more than 90 days overdue	N/A	N/A
(viii) any impairment of the mortgage	N/A	N/A
(ix) if known by the issuer, or if reasonably available to the issuer, the credit score of each borrower	N/A	N/A

## Portfolio Performance

The Corporation has been in operation since July 8, 2014. The table below shows the annual rate of return of the Corporation since inception. **Past performance is not indicative of future returns.**

Class of Shares <sup>1</sup> <sub>2</sub>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 <sup>3</sup>
Class A Shares	7.00 %	7.00 %	7.00 %	8.00 %	8.00 %	7.50 %	7.00 %	6.75 %	7.75 %	8.50 %	8.00 %
Class F Shares <sup>1</sup>					8.25 %	7.75 %	7.25 %	7.00 %	8.00 %	8.75 %	8.25 %
Class N Shares <sup>1</sup>					7.25 %	6.75 %	6.25 %	6.00 %	7.00 %	7.75 %	7.25 %

- <sup>1</sup> The Class A Shares were first offered in 2015 and the Class F and Class N Shares were first offered in 2018.
- <sup>2</sup> All returns provided as of June 30 (the Corporation's financial year-end). The annual rate of return for each period is determined based on the Corporation's adjusted net income for the period divided by the weighted average number of outstanding Shares for the period.
- <sup>3</sup> As of January 1, 2025, the yield to investors was reduced by 50 basis points across all classes of Offered Shares.

Since the initial issuance of Offered Shares, the returns for each class of shares are as follows<sup>1</sup>:

Class of Shares	Simple Average Annual Yield <sup>2</sup>	Compound Average Annual <sup>3</sup> Yield
Class A	7.43%	7.68%
Class F	7.89%	8.18%
Class N	6.70%	7.19%

- <sup>1</sup> The Class A Shares were first offered in 2015 and the Class F and Class N Shares were first offered in 2018. The data reflects returns from the date of the initial issuance of the applicable class of Offered Shares to June 30, 2025.
- <sup>2</sup> The simple average annual yield is computed by dividing the dividends paid to shareholders of the applicable Class that did not participate in the DRIP by the initial issue price of the shares (\$10.00) and multiplying that figure by 100 to obtain the annual yield percentage which is then divided by the number of years the shares have been outstanding.
- <sup>3</sup> The compound average annual yield is computed by dividing the dividends paid to shareholders of the applicable Class that participated in the DRIP by the initial issue price of the shares (\$10.00) and multiplying that figure by 100 to obtain the annual yield percentage which is then divided by the number of years the shares have been outstanding.

\*The returns presented above are net of fees and expenses and have been prepared by the Administrator.

The net returns for each class of shares will differ depending on the applicable fee structure. There is no assurance that past performance will continue or that investors will receive similar returns in the future. The factors which affect the rate of return are described in “Item10 – Risk Factors”.

### Ongoing Disclosure

The Corporation provides monthly reports to investors that includes information about the Mortgage Portfolio such as a general overview of the type and location of mortgaged properties and the term to maturity of the Mortgages in the Mortgage Portfolio.

### 2.4 Long-Term Objectives

The Corporation’s objectives subsequent to the next 12 months after the date of the Offering Memorandum are to continue to raise capital by selling Offered Shares and to invest in mortgages that generate a regular stream of income from the Mortgage Portfolio while preserving capital.

There is no guarantee, however, that the Corporation will meet its objectives. *See Item 10 “Risk Factors”.*

### 2.5 Short-Term Objectives

The Corporation’s objectives for the next 12 months after the date of the Offering Memorandum are to raise capital by selling Offered Shares.

The Corporation intends to meet these objectives as follows:

Actions to be taken	Target completion date or, if not known, number of months to complete	Cost to complete
Raising of funds under the Offering and investing available funds in mortgages in accordance with the policies and guidelines set out herein.	Ongoing	The costs of the Offering which comprises legal fees are estimated to be approximately \$30,000. The Corporation also incurs ongoing operating expenses including Administration Fees. See “ <i>Compensation Payable to the Administrator</i> ” and “ <i>Expenses of the Corporation</i> ”.

### 2.6 Insufficient Funds

The funds available as a result of the Offering may not be sufficient to accomplish all of the Corporation’s proposed objectives. There are no assurances that alternative financing will be available.

### 2.7 Additional Disclosure for Issuers Without Significant Revenue

Not applicable.

## 2.8 Material Contracts

The Corporation is a party to the following material contracts:

### **Mortgage Administration Agreement**

The Corporation has retained the Administrator pursuant to the terms of the Mortgage Administration Agreement to provide, directly or indirectly through licensed service providers, as applicable, mortgage administration and origination services and to present mortgage investment opportunities to the Corporation, subject to the discretion and decision-making authority of the Board of Directors of the Corporation to determine the mortgages in which the Corporation will invest. The Corporation and the Administrator do not deal at arm's length. See "*Conflicts of Interest*".

The Administrator has agreed it will exercise its powers and discharge its duties under the Mortgage Administration Agreement honestly and in good faith and that it shall exercise the degree of care, diligence and skill that a reasonably prudent mortgage administrator would exercise in comparable circumstances.

The Mortgage Administration Agreement prohibits the Administrator from taking any action that could cause the Corporation to fail or cease to qualify as a MIC under the Tax Act.

The services of the Administrator are not exclusive and nothing in the Mortgage Administration Agreement or any other agreement prevents the Administrator from providing similar services to other entities and other clients (whether or not their investment objectives and policies are similar to those of the Corporation) or from engaging in other activities.

The Corporation acknowledges in the Mortgage Administration Agreement that the Administrator and its shareholders, directors and senior officers may have interests and dealings in other entities which may in the future be actively engaged in a similar business as the Corporation. Neither the Administrator nor its shareholders, directors or senior officers will be liable to the Corporation for any conflict of interest as a result of such other interests or dealings, even if competitive with the business of the Corporation, and even if the business opportunity could have been pursued by the Corporation.

The Administrator will not be liable to the Corporation in respect of any loss or damage suffered by the Corporation, including any loss or diminution in the net assets (that is, the value of the Corporation's assets less its liabilities) of the Corporation, unless such loss or damage is a direct result of gross negligence, wilful misconduct, fraud, bad faith or a material breach of applicable laws or the provisions set forth in the Mortgage Administration Agreement.

The Mortgage Administration Agreement also provides that the Corporation will indemnify the Administrator, in its capacity as mortgage administrator, and its principals, shareholders, directors, officers, employees and agents from any and all expenses, losses, damages and claims of any kind or nature whatsoever incurred or suffered by such persons which are directly or indirectly the result of, or caused by, the performance of the Administrator's duties, obligations and responsibilities under the Mortgage Administration Agreement. The indemnity will not apply to acts or omissions of any of the foregoing persons in breach of the Administrator's standard of care as set forth in the Mortgage Administration Agreement or through the gross negligence, wilful misconduct, fraud, bad faith or a material breach of applicable laws or the provisions set forth in the Mortgage Administration Agreement.

The Mortgage Administration Agreement includes a reciprocal indemnity from the Administrator to the Corporation and its principals, shareholders, directors, officers, employees and agents.

### **Responsibilities of the Administrator**

In the performance of its obligations under the Mortgage Administration Agreement, the Administrator shall without limitation, perform, or cause to be performed, all services that a mortgage administrator would perform including:

- using its best efforts to source and present investment opportunities consistent with the Corporation's investment policies;
- directly or indirectly originate mortgage investments on behalf of the Corporation;
- providing recommendations to the Board of Directors of the Corporation with respect to formulating, evaluating, and as required, modifying the Corporation's investment policies;
- providing information to the Corporation relating to proposed acquisitions, dispositions, financing and related transactions with respect to the mortgage investments;
- servicing and administering the Corporation's mortgage investments on its behalf;
- arranging for the purchase, sale or exchange of such mortgage investments as determined by the Investment Committee and/or the Credit Committee, as applicable, to be in the best interest of the Corporation to purchase, sell or exchange;
- maintaining records and accounts in respect of each mortgage investment;
- making reasonable efforts to collect or cause to be collected all payments on account of principal and interest (and taxes where applicable) due under the mortgages held by the Corporation and cause mortgagors to perform their obligations under the mortgages;
- giving such notice to the borrowers and others in respect of amounts due or overdue on mortgages held by the Corporation and in respect of other security documents as the Administrator considers necessary;
- providing those services required in connection with the collection, handling, prosecuting and settling of any claims with respect to the Corporation's mortgage investments, including foreclosing or power of sale and otherwise enforcing security interests securing the Corporation's mortgage holdings; and
- arranging for the preparation of financial statements, audit reports, tax statements and such other reports that may be required under the Tax Act within the requested time periods;

- delivering portfolio reports to the Corporation on a regular basis with respect to the Corporation's investments and providing documentation and/or other information to the Corporation as requested.

### **Compensation Payable to the Administrator**

In consideration of the services provided by the Administrator as described above, the Mortgage Administration Agreement provides that the Corporation will pay the following fees to the Administrator:

1. A base administration fee (the "**Administration Fee**") in respect of the Administrator's general administration services in an amount equal to, for the Class A1 Shares and Class A Shares, 1.5%, for the Class F Shares, 1.25%, and for the Class N Shares, 2.25%, per annum of the gross outstanding principal amount of the mortgage investments attributable to such class of Offered Shares held by the Corporation, calculated and paid monthly in arrears by the 15<sup>th</sup> day of the month.
2. An annual incentive fee (the "**Incentive Fee**") equal to 40% of what would otherwise be the Corporation's surplus net income and/or net capital gains available for distribution in a particular year after the Target Yields have been achieved on the outstanding Offered Shares. The Incentive Fee will be calculated on the last business day of each calendar year and paid to the Administrator within ninety (90) days of the calendar year-end and is inclusive of applicable taxes.
3. Underwriting fees in respect of any underwriting, commitment, brokerage or renewal services, in an amount equal to any underwriting, commitment, brokerage, renewal or similar fees set out in the commitment for the mortgage investments. The underwriting fees shall only be payable to the Administrator to the extent that they are recovered from the borrowers.
4. Ancillary fees as set out in the security documents with the borrowers as compensation or reimbursement for overhead expenses. The ancillary fees shall only be payable to the Administrator to the extent they are recovered from the borrowers. Examples of ancillary fees include fees for statements, late payments, enforcement, insurance, inspections, dishonoured cheques and defaults.
5. Service fees in respect of any project monitoring, property management, mortgage or real estate services are provided on an ad hoc basis upon agreement of the Corporation and the Administrator. The Corporation will pay the Administrator as agreed between them at the time the particular service is initiated, but in no case will the Administrator be paid a fee which is greater than the fair value for the services performed.

Any fees payable to the Administrator will be pro-rated for partial periods, as required, and unless otherwise stated will be subject to applicable taxes.

The Administrator may from time to time waive any portion of the fees and/or reimbursement of expenses otherwise payable to it under the Administration Agreement, and may reimburse the Corporation for all or a portion of the Administration Fee paid to it thereunder, but no such waiver or reimbursement shall affect its right to such fees and/or reimbursement of expenses subsequently accruing under the Administration Agreement.

The Mortgage Administration Agreement may be terminated by either party on not less than ninety (90) days prior written notice to the non-terminating party.

### **Ninepoint Arrangement**

Ninepoint is a limited partnership established under the laws of Ontario and registered in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan as an exempt market dealer and portfolio manager; in Québec as an exempt market dealer and investment fund manager; and in Ontario, Newfoundland and Labrador as an exempt market dealer, portfolio manager and investment fund manager.

The Corporation and the Administrator have entered into a co-operation and distribution agreement with Ninepoint dated as of April 4<sup>th</sup>, 2018 (the “**Ninepoint Agreement**”) pursuant to which Ninepoint has agreed to provide exempt market dealer, distribution and marketing services for the Corporation on an exclusive basis with respect to the offering of the Class A1 Shares, Class F Shares and the Class N Shares. In consideration for these services, Ninepoint is entitled to receive a portion of the fees (including a portion of the Administration Fee, the Incentive Fee and ancillary fees) received by the Administrator and that are attributable to the Class A1 Shares, Class F Shares and the Class N Shares.

The Ninepoint Agreement may be terminated by a party with ninety (90) days’ notice if certain performance thresholds applicable to the other party are not met. The Corporation has agreed to indemnify each of Ninepoint, its affiliates and each of their respective directors, partners, officers, employees and agents from claims arising out of Ninepoint’s provision of services unless such claim is caused by Ninepoint’s own gross negligence, wilful misconduct, wilful neglect or material breach of the Ninepoint Agreement.

## **2.9 Related Party Transactions**

Not applicable.

### **2.10 Expenses of the Corporation**

In addition to the Administration Fee and the Incentive Fee (if applicable), the Corporation will pay for all expenses it incurs in connection with its operation and management including, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to shareholders and other shareholder communications including marketing and advertising expenses; (b) any taxes payable by the Corporation; (c) costs and fees payable to any agent, legal counsel, actuary, valuator, technical consultant, accountant or auditor or other third party service provider; (d) any ongoing regulatory filing fees, license fees and other fees; (e) any expenses incurred in connection with any legal proceedings in which the Administrator participates on behalf of the Corporation or any other acts of the Administrator or any other agent of the Corporation in connection with the maintenance or protection of the property of the Corporation, including without limitation costs associated with the enforcement of mortgage loans; (f) any fees payable to, and reasonable expenses incurred by, any directors; (g) any compensation payable to employees of the Corporation; (h) additional fees payable to the Administrator for the performance of services not currently contemplated by the Corporation; (i) any consulting fees, including website maintenance costs and expenses associated with the preparation of tax filings; and (j) other administrative expenses of the Corporation.

The Corporation will also be responsible for all taxes, debt service and costs relating to any credit facilities and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable. To the extent that the Administrator pays for any expenses of the Corporation, upon the direction of the Corporation, it shall be promptly reimbursed by the Corporation.

### ITEM 3 – COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

#### 3.1 Compensation and Securities Held

The following table discloses the full legal name, place of residence, position held or relationship with the Corporation, date of appointment, and compensation paid to, and Shares held by, each of the Corporation’s directors, officers and promoters and each Person that has beneficial ownership of, or direct or indirect control over, or a combination of beneficial ownership and direct control over, 10% or more of any class of the Corporation’s Shares (a “**Principal Holder**”) and any other related party that received compensation from the Corporation in the most recently completed financial year or is expected by the Corporation to receive compensation in the current financial year.

Full Legal Name and Place of Residence	Positions Held or Relationship to the Corporation & Date of Appointment	Compensation paid by the Corporation or related party for year end June 30, 2025 and the compensation expected to be paid in the current financial year	Number, Type & Percentage of the Corporation’s Shares Held <sup>(1)</sup> after Completion of Maximum Offering <sup>(2)</sup>
Nicolaos Kyprianou <sup>3</sup> Toronto, ON	President, Chief Executive Officer and Director of the Corporation and the Administrator  Principal Holder  April 17, 2014		25 Voting Shares
Anthony Pistillo <sup>3</sup> Oakville, ON	Director and Chief Operating Officer of the Corporation and the Administrator, Principal Broker of the Administrator  Principal Holder  January 29, 2022		25 Voting Shares

Phil Braginetz <sup>4</sup> Mont-Tremblant, QB	Director of the Corporation and the Administrator  September 5, 2019	\$27,000/year	
Jason Donville Toronto, ON	Director of the Corporation and the Administrator  Principal Holder  April 17, 2014		25 Voting Shares
Alidina Jaffer <sup>3</sup> Toronto, ON	Director and Chief Financial Officer of the Corporation and the Administrator  Principal Holder  April 17, 2014		25 Voting Shares
David Guiney <sup>4</sup> Toronto, ON	Director of the Corporation  January 29, 2022	\$15,000/year	
Charlotte Wang <sup>4</sup>	Director of the Corporation  December 6, 2023	\$15,000/year	
RiverRock Management Inc. (Note 5)	Promoter	2025 -\$1,110,603 2026 \$600,000	

Notes:

(1) Shares beneficially held, directly or indirectly, or which control or direction is exercised by each person and does not include Class A, Class A1, Class F or Class N Shares held jointly with a spouse. Amounts are subject to variation depending on the share purchases and retractions during the term of the Offering.

(2) There is no minimum or maximum offering. The information as to securities beneficially owned as at the date hereof has been confirmed by the holders thereof.

(3) These individuals are also directors and/or officers and employees of the Administrator and receive compensation from the Administrator for the services they provide for the Administrator.

(4) These individuals receive compensation from the Administrator for their services as director of the Corporation.

(5) \$2,464,585.90 in Administration Fees were incurred during the 2025 fiscal year, however the Administrator forgave its entitlement to \$1,353,982.68 of such fees.

### 3.2 Management Experience

The following table provides specified information for the executive officers and directors of the Corporation over the past five years preceding the date of the Offering Memorandum:

Full Legal Name & Position	Principal occupation and description of experience associated with the occupation.
<p><b>Nicolaos Kyprianou</b>, <i>President, Chief Executive Officer and Director of the Corporation and the Administrator</i></p>	<p>Nick Kyprianou has over 30 years of experience with regulated trust companies. Prior to co-founding the Corporation and the Administrator, Mr. Kyprianou was the Chief Executive Officer of Equity Financial Trust Company (“EFT”) from 2010 to 2013, where he steered the company through change and growth by developing a strategic plan to start a mortgage and deposit taking business. Mr. Kyprianou oversaw all of EFT’s operations to ensure efficiency, quality, service and cost-effective management of resources and built all aspects of EFT’s mortgage business, including strategy, policies and procedures compliant with industry standards. During his tenure, EFT’s market capitalization increased from \$37 million to \$119 million.</p> <p>Prior to joining EFT, Mr. Kyprianou was the President of Home Trust Company from 2008 to 2010. In this position, he worked directly with the Chief Executive Officer to develop a strategic plan to advance the company’s mission and objectives and to promote revenue, profitability and growth as an organization. Mr. Kyprianou held various senior level positions during his 18 years at Home Trust Company including Chief Operating Officer and Senior Vice-President. Mr. Kyprianou attended McMaster University. He completed the Executive Program in Sales Management at York University’s Schulich School of Business (2002) and the Executive Program at Queen’s School of Business (2000) and the Institute of Corporate Directors at the Joseph L. Rotman School of Business (2007).</p>
<p><b>Anthony Pistillo</b>, <i>Chief Operating Officer of the Corporation and the Administrator</i></p>	<p>Anthony Pistillo is a dedicated mortgage professional with over 25 years of industry experience. He graduated from the Seneca College Financial Services Underwriting Program and has completed his Executive MBA at the Ivey School of Business. Anthony is also a member of CMBA. Just prior to joining RiverRock, Mr. Pistillo was a Director of Underwriting with Home Trust. In that role he worked closely with the senior management team to help grow the mortgage portfolio while ensuring files met company guidelines. Mr. Pistillo also managed an underwriting team at Equity Financial Trust and was a Business development Manager at Equitable Bank. Prior to making the switch to the lending</p>

	side of the business, Mr. Pistillo ran a successful mortgage brokerage operation. Mr. Pistillo is also the Principal Broker of the Administrator.
<b><i>Phil Braginetz, Director of the Corporation and the Administrator</i></b>	Phil Braginetz is the President of P. Braginetz Associates, a provider of consulting services to small and medium-sized financial institutions. Since 2008, his practice has focused on balance sheet risk assessments and regulatory compliance requirements. Over a prior career in treasury and capital markets, he held the positions of Chief Financial Officer of Home Capital Group Inc., Chief Operating Officer of Credit Union Central of Ontario and Treasurer of Deutsche Bank Canada. Mr. Braginetz is a graduate of Montreal’s Concordia University, holds the Chartered Financial Analyst designation, and serves on the board of directors of motusbank, Canada’s newest Schedule 1 chartered bank.
<b><i>Jason P. Donville, Director of the Corporation and the Administrator</i></b>	Jason P. Donville is one of the co-founders of the Administrator and is the President and Chief Executive Officer and founder of Donville Kent Asset Management Inc. (“ <b>DKAM</b> ”) and has accumulated over 17 years of experience in the investment industry. Following graduation from the Ivey School of Business at the University of Western Ontario in 1992, Mr. Donville held a variety of research and analyst positions in both Asia and Canada, including positions at Credit Lyonnais Securities Asia, Credit Suisse First Boston and Sprott Securities Ltd. (now Cormark Securities Inc.). Prior to founding DKAM, Mr. Donville was consistently ranked as one of the top financial services analysts in the country.
<b><i>Alidina Jaffer, Director and Chief Financial Officer of the Corporation and the Administrator</i></b>	Ali Jaffer is a Director and the Chief Financial Officer of the Corporation and the Administrator. Mr. Jaffer has over 25 years of financial and administrative management experience in the software, alternative energy and real estate sectors, working in both public and private companies. Prior to joining RiverRock fulltime in 2018, Mr. Jaffer was the Chief Financial Officer and Chief Compliance Officer of DKAM. Prior to joining DKAM, Mr. Jaffer was the Chief Financial Officer of a software company ranked as one of North America’s Fastest Growing Companies in Deloitte’s Fast 500 program. Mr. Jaffer is a Chartered Professional Accountant and holds a Master of Business Administration in Investment Management from the Goodman Institute, Concordia University.

<p><b>David Guiney</b>, Director of the Corporation and the Administrator</p>	<p>David Guiney is a Director of the Corporation. Mr. Guiney practised corporate law for 15 years, mostly in his own firm, Tanner &amp; Guiney Associates. He specialized in credit union and cooperative law on the local, provincial, and national levels. He was legal counsel on many credit union mergers and spent his entire legal career providing advice on corporate governance matters. In addition, Mr. Guiney represented the credit union system in the drafting of Ontario’s credit union legislation and Canada’s cooperative credit association legislation.</p> <p>In the final 10 years of his career, Mr. Guiney was the Chief Operating Officer of Ontario’s private, not-for-profit, new home warranty program.</p>
<p><b>Charlotte Wang</b>, Director of the Corporation and the Administrator</p>	<p>Charlotte is an AWS Enterprise Technologist, former CTO of IBM Canada and an IBM Distinguished Engineer with over 20 years’ experience in the IT Industry. As a technical executive, Charlotte works closely with business and IT Executives to facilitate and accelerate cloud adoption. Key focus areas are people, culture and introducing new ways of working through Cloud Adoption Frameworks. Charlotte is known for bringing first rate strategic thinking, structure, and value to challenging digital and data as currency transformations. Charlotte brings clarity from chaos, never losing sight of achieving customer growth and cost optimization outcomes through cloud adoption.</p> <p>Charlotte is an active Out Executive at AWS, giving seminars, participating in panels, and providing leadership coaching and mentoring to ally’s and self-identified members of the 2SLGBTQ+i community.</p>

### **3.2.1 Other Persons**

No persons aside from those mentioned above are responsible for establishing and implementing the Corporation's investment objectives and investment strategy, setting any limitation or restrictions on investments, monitoring the performance of the portfolio or making any adjustments to the portfolio. None of the individuals above are registered under the securities legislation of a jurisdiction of Canada or rely on exemptions to be registered.

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

None of the Corporation's directors, executive officers, control persons of the Corporation or issuers of which they were a director, executive officer or control person at the time, has been, at any time during the 10 years preceding the date of this Offering Memorandum:

- (a) subject to any penalty or sanction imposed by a court relating to a contravention of securities legislation;
- (b) subject to a penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation;
- (c) subject to an order restricting trading in securities, not including an order that was in effect for less than 30 consecutive days;

None of the Corporation's directors, executive officers, control persons of the Corporation or issuers of which they were director, executive officer or control person at the time, has been, at any time during the 10 years preceding the date of this Offering Memorandum:

- (a) the subject of any declaration of bankruptcy;
- (b) the subject of voluntary assignment in bankruptcy;
- (c) the subject of a proposal under any bankruptcy or insolvency legislation; or
- (d) the subject of proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets;

None of the Corporation's directors, executive officers or control persons of the Corporation has pled guilty to or been found guilty of the following:

- (a) a summary conviction or indictable offence under the Criminal Code(Canada);
- (b) a quasi-criminal offence in any jurisdiction in Canada or a foreign jurisdiction;
- (c) misdemeanours or felony under the criminal legislation of the United States of America, or any stated or territory of the Unites States of America; or
- (d) an offence under the criminal legislation of any other foreign jurisdiction.

### 3.4 Certain Loans

As of the date of this Offering Memorandum, there are no outstanding loans or debentures between the directors, officers, management, promoters or Principal Holders and the Corporation.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Securities Except for Debt Securities

The following table out specified information about the authorized and issued share capital of the Corporation on October 1, 2025.

Description of Security <sup>(1)</sup>	Number Authorized	Price per Share	Number issued and outstanding as at October 1, 2025	Number Outstanding after Minimum Offering <sup>(1)</sup>	Number Outstanding after Maximum Offering <sup>(1)</sup>
Class A Shares	Unlimited	\$10.00	3,939,094.68	N/A	N/A
Class A1 Shares <sup>2</sup>	Unlimited	\$10.00	150,490.982	N/A	N/A
Class F Shares	Unlimited	\$10.00	11,080,332.64	N/A	N/A
Class N Shares	Unlimited	\$10.00	787,910.697	N/A	N/A
Voting Shares	Unlimited	\$1.00	100	N/A	N/A

Notes:

(1) There is no minimum or maximum offering.

(2) Class A1 Shares are a class of Non-Voting Common Shares that are no longer being offered to investors (aside from reinvestments by existing holders of Class A1 Shares pursuant to the DRIP).

### 4.2 Long Term Debt and Short-Term Debt

The Corporation has no long-term debt outstanding. The Corporation has a demand operating loan facility (the “**Facility**”) to provide revolving working capital including bridging mortgages and/or investor contributions. The Facility is with a syndicate of Canadian chartered bank lenders for up to \$110 million. As of September 30, 2025 the Corporation has drawn down \$75.96 million from the Facility which represents approximately 33% of the book value of the Mortgage Portfolio. The Facility has a one-year term and is subject to the following interest components: (1) at the Corporation’s option either (i) bank prime plus 0.85% or (ii) Canadian Overnight Repo Rate Average plus 2.10%; and (2) a standby charge of 0.40% on the unused portion of the Facility. The Facility is secured by a general security agreement providing for a first-ranking security interest in all of the Corporation’s present and future undertakings, property and assets. The Facility is subject to various positive, negative, reporting and financial covenants, including that loan proceeds may not be used to finance the redemption/retraction of Shares beyond \$7.5 million per quarter and provided the Corporation is otherwise compliant with the covenants contained in the loan agreement. For the quarter ended June 30, 2025, the Corporation exceeded the net share

redemptions covenant of 5% of the prior quarter ending equity balance. The Corporation does not anticipate breaching this covenant in the future. On August 1, 2025, a waiver due to the breached covenant described above was granted, along with a renewal of the line of credit and the new maturity date is August 5, 2026.

#### 4.3 Prior Sales

Within the 12 months before the date of the Offering Memorandum, Offered Shares have been issued as set out in the following table:

<b>Date of issuance</b>	<b>Type of security issued</b>	<b>Number of securities issued</b>	<b>Price per security</b>	<b>Total funds received</b>
October 1, 2025	Class A Shares	40,000.00	\$10	\$400,000.00
	Class F Shares	57,378.70	\$10	\$573,787.00
			\$10	
September 1, 2025	Class A Shares	30,500.00	\$10	\$305,000.00
	Class F Shares	101,360.70	\$10	\$1,013,607.00
	Class N Shares	1,500.00	\$10	\$15,000.00
August 1, 2025	Class A Shares	1,700.00	\$10	\$17,000.00
	Class F Shares	7,634.90	\$10	\$76,349.00
			\$10	
July 1, 2025	Class F Shares	24,791.00	\$10	\$247,910.00
			\$10	
			\$10	
June 1, 2025	Class A Shares	700.00	\$10	\$7,000.00
	Class F Shares	49,250.90	\$10	\$492,509.00
	Class N Shares	2,500.00	\$10	\$25,000.00
May 1, 2025	Class A Shares	220,250.00	\$10	\$2,202,500.00
	Class F Shares	47,114.209	\$10	\$471,142.09
	Class N Shares	12,579.142	\$10	\$125,791.42
April 1, 2025	Class A Shares	2,432.70	\$10	\$24,327.00
	Class F Shares	13,716.80	\$10	\$137,168.00
March 1, 2025	Class A Shares	6,000.00	\$10	\$60,000.00
	Class F Shares	31,128.30	\$10	\$311,283.00
	Class N Shares	75,146.40	\$10	\$751,464.00
February 1, 2025	Class A Shares	171,610.00	\$10	\$1,716,100.00
	Class F Shares	47,258.10	\$10	\$472,581.00
	Class N Shares	19,825.00	\$10	\$198,250.00
January 1, 2025	Class A Shares	36,429.865	\$10	\$364,298.65
	Class F Shares	38,685.945	\$10	\$386,589.45
	Class N Shares	4,912.50	\$10	\$49,125.00

December 1, 2024	Class A Shares	51,000.00	\$10	\$510,000.00
	Class F Shares	19,144.428	\$10	\$191,444.28
	Class N Shares	5,700.00	\$10	\$57,000.00
November 1, 2024	Class A Shares	37,150.195	\$10	\$371,501.95
	Class F Shares	17,160.226	\$10	\$171,602.26

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

The Corporation is offering three classes of Offered Shares, the Class A Shares, the Class F Shares and the Class N Shares, for a subscription price of \$10.00 per Offered Share. The Class N Shares are available to investors who subscribe for Offered Shares through registered dealers other than Belco and who do not have fee-based accounts with such registered dealers. The Class A Shares are available to investors who subscribe for Offered Shares through Belco, in its capacity as exempt market dealer, or other registered dealers in the discretion of the Corporation. The Class F Shares are available to investors who subscribe for Offered Shares through registered dealers other than Belco with whom they maintain fee-based accounts.

The rights and restrictions attaching to the Offered Shares are set out below. The following summary is qualified in its entirety by the more detailed provisions of the Articles:

#### Ranking

The Class A1 Shares, the Class A Shares, the Class F Shares, the Class I Shares, the Class N Shares and if the terms of the applicable series of the Class B Shares so provide, the Class B Shares of such series, rank equally with respect to the payment of dividends and the distribution of assets of the Corporation in connection with a Liquidation Event (as defined below).

#### Non-Voting

Except as otherwise required by applicable laws and/or the Articles, the holders of Offered Shares are not entitled to notice of, or to attend or vote at, meetings of shareholders of the Corporation.

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

In the event the Board of Directors of the Corporation were to decide to change the Corporation’s objective of qualifying as a MIC under the Tax Act, the Articles provide that such a change would not

become effective until ratified with the consent (given either at a meeting or in writing) of the holders of not less than 50% of the issued and outstanding Class A1, Class A, Class F, Class I and Class N Shares.

Except as otherwise required by applicable laws and/or the Articles or the requirements of any applicable stock exchange, the holders of the Offered Shares will not be entitled to vote on a decision to facilitate a public offering of the shares of the Corporation or the listing of any class of shares of the Corporation on a stock exchange.

At any meetings of holders of Offered Shares required under the CBCA or the Articles, a holder of Offered Shares will be entitled to one vote for each Offered Share held.

### **Dividend Policy**

Holders of the Offered Shares are entitled to receive non-cumulative dividends, in any form or amount, as and when declared from time to time by the directors of the Corporation, acting in their sole discretion, out of the moneys of the Corporation properly applicable to the payment of dividends.

The Corporation intends to calculate and declare dividends on a monthly basis on the last business day of each month (or as otherwise declared by the Corporation) and to pay such dividends generally within thirty (30) days after the end of each month. The Corporation will pay out as cash dividends substantially all of its net income and net realized capital gains every year to the holders of Offered Shares. The payment of dividends is subject to the discretion of the Board of Directors to establish working capital and other reserves for the Corporation and to comply with the Articles and applicable laws.

As of the date of the Offering Memorandum, the Corporation expects the dividend yield on the Offered Shares (the “**Target Yields**”) to be as follows:

Class A Shares - approximately 8.00% per annum, net of fees  
Class F Shares - approximately 8.25% per annum, net of fees  
Class N Shares - approximately 7.25% per annum, net of fees

The Corporation reserves the right to change the Target Yields without notice to holders of the Offered Shares. If the Target Yields have been achieved in a particular year, the Incentive Fee will be paid to the Administrator and the Corporation’s remaining net income and/or net capital gains will be paid out to the holders of the Offered Shares in the form of a special dividend.

If in any year, dividends on the Offered Shares are not declared, then the rights of the holders of the Offered Shares to such dividends will be forever extinguished.

### **Dividend Reinvestment Plan**

The Corporation, subject to applicable securities laws and maintaining the status of the Corporation as a MIC, provides a dividend reinvestment plan (the “**DRIP**”). Under the DRIP, holders of Offered Shares can reinvest dividends in additional Offered Shares of the Corporation. The Corporation or the Administrator administers all aspects of the DRIP. Holders of Offered Shares may elect in the subscription agreement for Offered Shares (or by subsequently completing an enrolment form provided by the Corporation) to be enrolled in the DRIP.

The following summary is qualified by the more detailed provisions of the DRIP.

**i) Eligibility**

Subject to applicable laws, all holders of Offered Shares are eligible to participate in the DRIP by completing the Subscription Agreement or an enrolment form otherwise provided by the Corporation and returning it to the Corporation. Subject to the discretion of the Board of Directors, holders of Offered Shares may enroll all or a portion of their Offered Shares in the DRIP.

**ii) Investment Date**

Dividends are expected to be calculated, paid and reinvested in Offered Shares on the last business day of each month (the “**Investment Date**”). The payment of a dividend, and the declaration, record and payment dates applicable to it are determined by the Board of Directors in its sole discretion.

**iii) Cost and Attributes of Offered Shares Purchased under the “DRIP”**

Offered Shares are purchased at \$10.00 per Offered Share and are issued from the treasury of the Corporation. The Corporation uses the cash dividends attributable to a shareholder to purchase additional Offered Shares of the applicable class on behalf of the shareholder. All Offered Shares acquired through the DRIP are credited to the shareholder’s account. Upon request, following the end of each calendar quarter, physical certificates may be issued to the shareholder for Offered Shares acquired under the DRIP for that period. The Corporation may issue fractional Offered Shares under the DRIP. Any residual cash which is not used to purchase additional Offered Shares on a particular Investment Date will be credited to the account of the participant and will be utilized for the purchase of additional Offered Shares on a subsequent Investment Date or will be distributed to the participant at the end of the year, in the sole discretion of the Corporation. No brokerage or administration fees will be charged by the Corporation or the Administrator for participation in the DRIP. There is no minimum aggregate subscription amount under the DRIP. Offered Shares issued under the DRIP may not be transferred, except with the approval of the directors of the Corporation.

**iv) Transaction Statements**

Transaction statements sent to shareholders following each Investment Date will show the Offered Shares purchased under the DRIP and should be retained for income tax purposes. The Corporation also reports to shareholders on an annual basis any required information for income tax purposes with regard to all dividends paid to each holder of Offered Shares.

**v) Termination of Participation in the DRIP**

Participation in the DRIP may be terminated by a shareholder at any time by giving written notice to the Corporation. In the event that written notice terminating participation in the DRIP is not received by the Corporation at least five (5) business days before an Investment Date, the requested action will not be taken until after such Investment Date. The Corporation reserves the right to deny the right to participate in the DRIP to any person or terminate the participation of any participant in the DRIP if the Board of Directors deems it advisable under any applicable laws or regulations or to preserve the Corporation’s status as a MIC.

#### **vi) Liabilities of the Corporation and Administrator**

Neither the Corporation nor the Administrator is liable for any act undertaken or omitted in good faith in connection with the DRIP. Neither the Corporation nor the Administrator can assure a profit or protect any shareholder against a loss relating to Offered Shares acquired or to be acquired under the DRIP.

#### **vii) Amendments to Plan and Termination by Corporation**

The Corporation reserves the right to amend, suspend or terminate the DRIP at any time. In the event of any such occurrence, the Corporation will give reasonable notice in writing to all holders of Offered Shares in accordance with the Plan. In the case of an amendment, notice will only be provided if in the Corporation's opinion, such amendment may materially prejudice participants. The Corporation may make rules and regulations consistent with the terms of the DRIP in order to improve the administration of the DRIP.

#### **viii) Tax Consequences**

The reinvestment of dividends does not relieve a shareholder of liability for tax on those dividends. **Shareholders who intend to participate in the DRIP should consult their own tax advisers about the tax consequences which will result from their participation in the DRIP.**

#### **Redemption by the Corporation**

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

If not all of the outstanding Offered Shares are to be redeemed, the Corporation intends to redeem the Offered Shares based in proportion to the number of Offered Shares registered in the name of each holder as a percentage of the total number of Offered Shares outstanding, subject to the discretion of the Board of Directors to determine another equitable method for selecting the Offered Shares to be redeemed.

The amount to be paid by the Corporation in respect of each Offered Share to be redeemed, upon presentation and surrender of any certificates representing the Offered Shares called for redemption, will be the Redemption Amount. The "**Redemption Amount**" is an amount equal to \$10.00 per Offered Share, together with all dividends or other distributions declared thereon and unpaid up to and including the Redemption Date, excluding any distributions arising solely as a result of a Liquidation Event.

The Redemption Amount will be paid in Canadian dollars by cheque, bank draft, money order, wire transfer or such other manner determined by the directors of the Corporation. The Corporation has the right at any time after giving the Redemption Notice but no later than the redemption date specified in the notice, to deposit the aggregate Redemption Amount in respect of the Offered Shares being redeemed, or such Offered Shares called for redemption which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof, in a separate account in any chartered bank or any trust company in Canada named in the notice of redemption or any subsequent notice. Amounts deposited shall be paid without interest to or to the order of the respective holders of Offered Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the Offered Shares.

Upon such deposit being made or upon the applicable redemption date, whichever is later, the Offered Shares in respect of which such deposit was made will be deemed to be redeemed and the rights of the holders thereof will be limited to receiving without interest the aggregate Redemption Amount of their respective Offered Shares upon presentation and surrender of the certificate(s) representing such shares.

From and after the applicable redemption date, the Offered Shares called for redemption will cease to be entitled to dividends or any other participation in any distribution of the assets of the Corporation.

#### **Purchase for Cancellation**

Subject to applicable laws, the Corporation may at any time and from time-to-time purchase for cancellation all or any part of the outstanding Offered Shares at the price agreed upon by the holder thereof and the Corporation.

#### **Retraction Rights - General**

Subject to the limits set out herein and in the Articles and to applicable laws, a shareholder may request the Corporation to retract all or any portion of his, her or its Offered Shares on a Retraction Date (as defined below).

A holder of Class A1, Class F and Class N Shares wishing to retract all or any portion of his, her or its Class A1, Class F or Class N Shares on a Retraction Date must submit written notice of such intention to the Corporation a minimum of six (6) months prior to the Retraction Date (which period may be varied or waived by the directors of the Corporation in their sole discretion).

Provided a holder of Class A Shares has held his, her or its Class A Shares for a period of at least twelve (12) months (the “**Class A Hold Period**”), the holder may request the Corporation to retract all or any portion of his, her or its Class A Shares on a Retraction Date by submitting written notice of such intention to the Corporation during the period commencing on the first business day of the calendar quarter in which the Retraction Date occurs and ending on the last business day of the second month of such calendar quarter. The Class A Hold Period may be varied or waived by the directors of the Corporation in their sole discretion.

“**Retraction Date**” means, (i) for Class A Shares, the last business day of each calendar quarter; and (ii) for Class A1 Shares, Class F Shares and Class N Shares, the last business day of each calendar month.

The amount payable by the Corporation in respect of each Offered Share to be retracted shall be the Redemption Amount (defined above) which is generally paid in Canadian dollars within two (2) calendar weeks following the applicable Retraction Date (defined below).

Requests for retractions of Offered Shares received after the applicable periods noted above will be eligible for retraction on the following Retraction Date. Requests for retraction must specify the number of Offered Shares to be retracted. A notice of retraction shall be revocable at any time prior to the applicable Retraction Date on which the Offered Shares specified therein are to be retracted. Any certificates for Offered Shares to be retracted must be surrendered to the Corporation.

Notwithstanding the foregoing, the Corporation shall at all times have the discretion to reject or suspend any request for retraction, including the right of holders of Offered Shares to receive any proceeds upon the exercise of such right of retraction. In the event this right is exercised, the Corporation will promptly

provide a notice to any holder of Offered Shares who has delivered a retraction notice to the Corporation. See “*Rejection or Suspension of Retractions*” below.

The following is a sample calculation in respect of a retraction of Shares:

	Class F Shares
Number of Shares issued:	2000
Date of issue:	January 1, 2020
Subscription Price:	\$10.00 per share
Date of holder Retraction Notice received:	February 6, 2024
Retraction Date:	August 31, 2024
Redemption Amount	\$20,000

<sup>1</sup>The sample above assumes that all distributions paid on the shares retracted were paid in full in cash.

### **Compassionate Early Retraction**

The Corporation may consider applications for early retraction, but only under special circumstances. It is important to note the decision as to whether or not to grant an early retraction is at the sole discretion of the Corporation and otherwise dependent upon the ability of the Corporation to do so under applicable laws.

A shareholder may submit a request to the Corporation for an early retraction of all or part of the Offered Shares held by such shareholder, provided the Corporation receives the request for early retraction at least thirty (30) days prior to the proposed retraction date.

Upon notification in writing to the Corporation of the death of a shareholder who is an individual, the Corporation may redeem the Offered Shares held by such shareholder within ninety (90) days of such notification, subject to applicable laws.

### **Substantial Shareholders**

A “**Substantial Shareholder**” means a shareholder who together with parties related to that shareholder (for purposes of the Tax Act) holds a total number of Offered Shares which is equal to or greater than 10% of the total number of Offered Shares outstanding.

As long as a particular shareholder is classified as a Substantial Shareholder such shareholder may, in the sole discretion of the Board of Directors, be restricted to retracting no more than 20% of his, her or its Offered Shares on any Retraction Date.

### **Annual Limit on Retractions**

Notwithstanding the retraction rights outlined above, in the interests of all shareholders of the Corporation, the Corporation shall not accept for retraction in any one calendar year, Offered Shares representing more than 10% of the total number of Offered Shares outstanding as of the first day of such calendar year. In the event that the number of Offered Shares tendered for retraction in respect of a Retraction Date exceeds the limit specified herein, the Offered Shares to be retracted shall be selected in

the order in which the requests for retraction were received by the Corporation, as determined by the Corporation. The Corporation, in its sole discretion, may waive or vary the annual limit from time to time.

### **Rejection or Suspension of Retractions**

Notwithstanding the retraction rights outlined above, the Corporation shall at all times have the discretion to reject or suspend any request for retraction for any period of time, including the right of a holder of Offered Shares to receive proceeds upon the exercise of such right of retraction. The Corporation may exercise such right where, in the view of the Corporation, such retraction would not be in the best interests of the corporation, including where in the view of the Corporation:

1. such retraction will result in the Corporation failing to qualify as a MIC;
2. the Corporation has a working capital deficiency or such retraction would cause the Corporation to have a working capital deficiency;
3. such retraction would cause the Corporation to be in default of its financial obligations under bona fide arm's length loan or credit arrangements; or
4. such retraction is otherwise prohibited under applicable laws.

If, in accordance with the foregoing criteria, the Corporation is only able to retract a portion of the Offered Shares tendered at any time for retraction, the Offered Shares shall be retracted in the order in which requests for retraction are received, as determined by the Corporation. The Corporation will promptly notify holders of Offered Shares if their request for retraction is rejected or suspended.

So long as the directors of the Corporation have acted in good faith in making any of the determinations referred to herein as to the number of Offered Shares which the Corporation is permitted at any one time to redeem, neither the Corporation nor the directors will have any liability in the event that any such determination proves to be inaccurate.

### **Pre-emptive Rights**

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

### **Liquidation Event**

In connection with a Liquidation Event, the holders of the Offered Shares will be entitled to receive from the assets of the Corporation an amount equal to the Redemption Amount per Offered Share, whether in cash or property, before any amount will be paid by the Corporation, or any assets of the Corporation distributed to, the holders of Voting Shares.

If the property and assets available for distribution in connection with a Liquidation Event among the holders of the Offered Shares is insufficient to satisfy the Redemption Amount payable to each holder of Offered Shares, then the entire amount available for distribution shall be distributed, whether in cash or property, rateably among the holders of the Offered Shares in proportion to the amounts which such holders would otherwise be entitled to receive.

After the satisfaction of (1) the payment of the Redemption Amount per Offered Share; and (2) the amounts payable to the holders of Voting Shares in accordance with the Articles, the holders of the Offered Shares shall be entitled to share equally with the other classes of Shares of the Corporation (if the terms thereof so provide) in any further distribution of the assets of the Corporation.

**“Liquidation Event”** means any of the following: (i) a reduction of capital; (ii) the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs; or (iii) the sale of the Corporation, including any merger, amalgamation, reorganization or similar business transaction that results in a change of control or other disposition of all or substantially all of the assets of the Corporation (except to an affiliate).

### **Other Non-Voting Common Shares**

The Corporation is authorized to issue an unlimited number of Class B Shares which may be issued in series with the attributes of each series of Class B Shares to be determined by the Board of Directors from time to time. There are currently no Class B Shares issued. Class B Shares may be issued in the future after the rights, privileges, restrictions and conditions attributable to such Class B Shares have been determined by the Board of Directors and filed in accordance with applicable laws. The Corporation is authorized to issue an unlimited number of Class I Shares which shares have the same attributes as the Class A1 Shares, Class F Shares and the Class N Shares. The Corporation may also create additional classes of non-voting common shares which, along with the Class B Shares and the Class I Shares may be offered in the future.

### **Description of the Voting Shares**

The Voting Shares have been issued for nominal value and are owned by the principal shareholders (the **“Principal Shareholders”**) being Nick Kyprianou, Jason Donville, Ali Jaffer, and Anthony Pistillo, as to 25% each. Accordingly, the Principal Shareholders, as holders of all of the issued and outstanding Voting Shares, will have the power to vote on all matters to be considered by the holders of Voting Shares.

The holders of Voting Shares will be entitled to one vote per Voting Share at all meetings of shareholders of the Corporation except meetings at which only the holders of any class of non-voting common shares are entitled to vote under the CBCA.

The Voting Shares are not redeemable or retractable by the Corporation.

The holders of Voting Shares are not entitled to receive any dividends or other distributions from the Corporation except in connection with a Liquidation Event.

The Voting Shares rank subsequent to the Offered Shares with respect to distributions as a result of a Liquidation Event. In connection with a Liquidation Event, the holders of the Voting Shares will be entitled to receive from the Corporation, subject to and upon the satisfaction in full of the distributions payable to the holders of the non-voting common shares in connection with such Liquidation Event, an amount equal to \$1.00 per Voting Share after which holders of Voting Shares shall be entitled to share equally with the holders of the other classes of shares in any further distribution of the assets of the Corporation. See *“Liquidation Event”* above.

### **Powers of the Corporation to Maintain MIC Status**

The Articles provide that each holder of shares of the Corporation grants the directors of the Corporation a power of attorney to make, file, execute and deliver all instruments, agreements and documents necessary or desirable to ensure that the Corporation qualifies as a MIC under the Tax Act.

The Articles also provide that no holder of any shares of the Corporation is permitted to acquire, hold, transfer, encumber or otherwise deal in or with any shares of the Corporation, or any interest therein, in a manner that will cause the Corporation to cease to qualify as a MIC under the Tax Act.

In the event that any holder of shares of the Corporation purports to transfer any shares of the Corporation, exercises or purports to exercise any retraction rights in respect of any shares of the Corporation or any repurchase rights affecting any shares of the Corporation or enters, or does anything for the purpose of entering, into any other transaction affecting any of the shares of the Corporation (each of the foregoing, a “**Triggering Transaction**”), that, if completed, would cause the Corporation, in the reasonable opinion of the directors of the Corporation, to cease to qualify as a MIC under the Tax Act, the directors of the Corporation shall have the power to cause any affected holder of shares of the Corporation or prospective holder of shares of the Corporation (i) to delay, terminate, modify or otherwise restructure the terms of, or not to enter into or engage in, such Triggering Transaction or (ii) to enter into any alternative transaction on the terms and conditions determined by the directors of the Corporation, including the power to force the conversion of shares of the Corporation of any class or series into shares of another class or series of the Corporation, all without consent of any actual or prospective holder of shares of the Corporation affected thereby; provided that all such powers shall be exercised by the directors solely for purpose of ensuring that the Corporation continues to qualify as a MIC under the Tax Act, on commercially reasonable terms and subject to the CBCA, the Articles and the Shareholder Agreement.

### **5.2 Subscription Procedure**

Subscriptions for Offered Shares will generally be accepted and processed on the first business day of each calendar month (a “**Subscription Date**”) subject to applicable laws and the Corporation’s discretion to accept or reject subscriptions in whole or in part. A duly completed Subscription Agreement must be received by the Corporation or its designate at least two (2) business days before the relevant Subscription Date and subscription proceeds in cleared funds must be received by the Corporation by 4:00 p.m. (ET) on the relevant Subscription Date otherwise the subscription will generally be processed as of the next Subscription Date. Offered Shares may only be purchased in Canadian dollars.

Subscription proceeds may be paid by cheque (payable to “RiverRock Mortgage Investment Corporation”), bank draft, wire transfer or such other form of payment as may be acceptable by the Corporation or its designate (including through the facilities of Fundserv) representing payment of the subscription price. Subscription orders may be sent to the Corporation by courier, priority post, or electronic means (including through the facilities of Fundserv).

Subscription proceeds provided prior to a Subscription Date will be kept in a non-interest bearing account.

In the event a subscription for Offered Shares is rejected by the Corporation, any subscription proceeds forwarded by the subscriber will be refunded forthwith, without interest, other compensation, or deduction.

No subscription will be accepted unless the Corporation is satisfied that the subscription is in compliance with applicable securities laws.

Share certificates will be issued to subscribers upon request.

### **Statutory Exemptions Relied Upon by the Issuer**

The Offered Shares may be offered in Canada pursuant to an applicable exemption under NI 45-106 from the prospectus requirements of applicable securities laws. Such exemptions relieve the Issuer from provisions under applicable securities laws requiring the Issuer to file a prospectus and therefore Subscribers do not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by a securities commission or similar authority.

While NI 45-106 provides for several different possible prospectus exemptions, the most commonly used exemptions utilized for an investment in the Offered Shares are the “accredited investor”, “minimum amount investment” and “offering memorandum” exemptions, the terms and conditions of which are summarized below.

#### **Accredited Investor Exemption**

In all jurisdictions, an investor may purchase Offered Shares if the investor is an “accredited investor” and purchases the Offered Shares as principal (or is deemed to purchase the Offered Shares as principal). An “accredited investor” is defined in National Instrument 45-106 and is essentially an investor that meets certain minimum income or wealth criteria and can include individuals, corporations, trusts, investment funds and other types of legal entities. For example, for an individual person to qualify as an “accredited investor” they must generally meet one of the following criteria:

- I. annual net income of at least \$200,000 for the last two years (or \$300,000 if combined with their spouse);
- II. net assets of at least \$5,000,000, either alone or combined with their spouse; or
- III. net financial assets (i.e. cash, securities, insurance, deposits) of more than \$1,000,000, either alone or combined with their spouse.

The Subscription Agreement includes a more detailed description of “accredited investor” and requires the investor relying on this exemption to certify that they meet at least one of the “accredited investor” criteria. Certain individuals who are relying on the accredited investor exemption will also be required to complete and sign a Risk Acknowledgement Form 45-106F9.

#### **Minimum Amount Investment Exemption**

In all jurisdictions, an investor who is not an individual may purchase Offered Shares, as principal, having a minimum cash acquisition cost of \$150,000. For purposes of determining eligibility for subscribing for Offered Shares pursuant to the ‘minimum amount investment’ exemption, an “individual” means a natural person and does not include any of the following: partnerships, unincorporated associations, unincorporated syndicates, unincorporated organizations, trusts and natural persons acting in the capacity of trustee, executor, administrator or personal or other legal representative.

## Offering Memorandum Exemption

In British Columbia and Newfoundland and Labrador, an investor may purchase Offered Shares if, before or at the time the investor completes and signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum and completes and signs the Risk Acknowledgment Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Issuer.

In Manitoba and Prince Edward Island, an investor, provided he, she or it is either an “eligible investor” (see below) or the cash acquisition cost to that investor does not exceed \$10,000, may purchase Offered Shares if, before or at the time the investor completes and signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum and completes and signs the Risk Acknowledgment Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Issuer.

In Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan, an investor may purchase Offered Shares if, before or at the time the investor signs the Subscription Agreement, the investor purchases as principal, the investor receives this Offering Memorandum, the investor completes and signs the Risk Acknowledgment Form 45-106F4 which accompanies the Subscription Agreement and delivers it to the Issuer and: (i) in the case of an investor that is an individual but is not an “eligible investor”, he or she has not exceeded the investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months after taking into account his or her investment in Offered Shares pursuant to the Subscription Agreement; or (ii) in the case of an investor that is an individual and fits within one of the categories of “eligible investor” (see paragraph below), he or she has not exceeded the investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months after taking into account his or her investment in Offered Shares pursuant to the Subscription Agreement; or (iii) in the case of an investor that is an individual and fits within one of the categories of “eligible investor” and that received advice from a portfolio manager, investment dealer or exempt market dealer that his or her investment in Offered Shares pursuant to the Subscription Agreement is suitable, he or she has not exceeded the investment limit of \$100,000 in all offering memorandum exemption investments in Offered Shares pursuant to the Subscription Agreement. The investment limits above do not apply to investors that are not individuals, whether eligible or non-eligible, accredited investors or a person described in subsection 2.5(1) of NI 45-106.

An “eligible investor” is defined in National Instrument 45-106 and is essentially an investor that meets certain minimum income or wealth criteria and can include individuals, corporations, trusts, investment funds and other types of legal entities. For example, for an individual person to qualify as an “eligible investor” they must generally meet one of the following criteria (i) annual net income of at least \$75,000 for the last two years (or \$125,000 if combined with their spouse); or (ii) net assets of at least \$400,000, either alone or combined with their spouse. The Subscription Agreement includes a more detailed description of “eligible investor” and requires the investor relying on this categorization to certify that they meet at least one of the “eligible investor” criteria.

**The Subscriber should carefully review the terms of the Subscription Agreement provided along with this Offering Memorandum for more detailed information concerning the rights and obligations applicable to the Subscriber and the Corporation. Execution and delivery of the Subscription Agreement**

will bind the Subscriber to the terms thereof. The Subscriber should consult with his own professional advisors.

## ITEM 6 - REPURCHASE REQUESTS

The following table sets out information about retraction requests received for the Offered Shares for each of the two most recently completed financial years:

Description of Security	Date of end of financial year	Number of securities with outstanding retraction requests on the first date of the year	Number of securities for which investors made retraction requests during the year	Number of securities retracted during the year	Average price paid for the retracted securities	Source of funds used to complete the retraction	Number of securities with outstanding retraction requests on the last date of the year
Class A Shares	June 30, 2024	399,962.33	633,558.875	572,948.90	\$10	Cash/ Facility	60,609.975
Class A Shares	June 30, 2025	60,609.975	1,292,534.108	1,065,452.90	\$10	Cash/ Facility	227,081.208
Class F Shares	June 30, 2024	836,149.01	2,030,956.956	1,351,336.20	\$10	Cash/ Facility	679,620.756
Class F Shares	June 30, 2025	679,620.75 6	3,330,408.09	2,253,606.70	\$10	Cash/ Facility	1,076,801.39 55
Class N Shares	June 30, 2024	47,215.12	311,718.027	212,727.30	\$10	Cash/ Facility	98,990.727
Class N Shares	June 30, 2025	98,990.727	216,306.653	141,132.20	\$10	Cash/ Facility	75,174.453

The following table sets out information about retraction requests received for the Offered Shares for the period after June 30, 2025 and up to September 30, 2025.

Description of Security	Beginning and end dates of the period	Number of securities with outstanding retraction requests on the first date of the period	Number of securities for which investors made retraction requests during the period	Number of securities retracted during the period	Average price paid for the retracted securities	Source of funds used to complete the retraction	Number of securities with outstanding retraction requests on the last date of the period
Class A Shares	July 1, 2025 – Sept 30, 2025	227,081.208	246,333.84 8	223,546.8 85	\$10	Cash/ Facility	254,146.96 80
Class F Shares	July 1, 2025 – Sept 30, 2025	1,076,801.39 55	1,671,524.3 8	477,039.9 57	\$10	Cash/ Facility	2,269,536.3 72

Class N Shares	July 1, 2025 – Sept 30, 2025	75,174.453	77,651.852	27,612.33 2	\$10	Cash/ Facility	120,131.33 7
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With respect to the period specified in the tables above, any non-fulfillment of investor retraction requests has been in accordance with the terms governing the retraction rights.

## **ITEM 7 - CERTAIN DIVIDENDS OR DISTRIBUTION**

In the two most recently completed financial years, and the subsequent interim period, the Corporation did not pay cash distributions that exceeded cash flow from operations.

## **ITEM 8 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

### **8.1 General Statement**

**Each Subscriber should consult with their own professional advisers to obtain advice on the tax consequences that may apply to such Subscriber.**

### **8.2 Description of Income Tax Consequences**

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

This summary is provided by the Corporation. No opinion from the Corporation’s legal counsel or accountants has been given with respect to these income tax considerations. The comments contained herein are 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 Offered Shares should be based primarily on the merits of the investment as such and on an investor’s ability to bear any loss that may be incurred.

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax consequences generally applicable to the acquisition, holding and disposition of Offered Shares by an investor who beneficially owns Offered Shares pursuant to this Offering and who, at all relevant times and for purposes of the Tax Act: (i) is a resident of Canada; (ii) deals at arm's length, and is not affiliated, with the Corporation; and (iii) holds the Offered Shares as capital property. Generally, the Offered Shares will be considered to be capital property to an investor provided the investor does not hold the Offered Shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. A shareholder whose Offered Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Offered Shares (and all other “Canadian securities”, as defined in the Tax Act) owned by such shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Shareholders should consult their own tax advisors for

advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary is not applicable to an investor: (i) that is a “specified financial institution”; (ii) an interest in which is a “tax shelter investment”; (iii) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules); (iv) that reports its “Canadian tax results” in a currency other than Canadian currency; or (v) that enters into a “derivative forward agreement” or a “synthetic disposition arrangement” in respect of Offered Shares, each as defined in the Tax Act. Such investors should consult their own tax advisors.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and the current published administrative practices of the Canada Revenue Agency (the “**CRA**”). This summary assumes that the Tax Proposals will be enacted as proposed, although no assurance can be given in this regard. There can also be no assurance that the CRA will not change its administrative policies or assessing practices. This summary does not otherwise take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ significantly from those discussed herein.

**The following discussion is of a general and limited nature only and is not intended to constitute a complete analysis of the income tax consequences of an investment in Offered Shares and should not be interpreted as legal or tax advice to any particular investor. Moreover, the income and other tax consequences of acquiring, holding and disposing of the Offered Shares will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. This summary does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Offered Shares. Each prospective investor should obtain advice from its own independent tax advisor as to the tax consequences of acquiring, holding and disposing of Offered Shares based on the investor’s particular circumstances.**

### **Status of the Corporation**

It is intended, and this summary assumes, that the Corporation will qualify as a MIC at all relevant times. However, no assurances can be provided in this regard. If the Corporation were to not qualify as a MIC at any time, the income tax considerations would be materially different from (and generally adverse compared to) those described below. Tax considerations applicable where the Corporation does not so qualify as a MIC at any particular time are not discussed in this summary.

In order to qualify as a MIC for a taxation year, the Corporation must have met all of the following criteria throughout that taxation year:

1. The Corporation was a Canadian corporation as defined under the Tax Act.
2. The Corporation’s only undertaking was the investing of its funds and it did not manage or develop any real or immovable property.
3. None of the property of the Corporation consisted of:

- a) debts owing to the Corporation that were secured on real or immovable property situated outside Canada;
  - b) debts owing to the Corporation by non-resident persons, except any such debts that were secured on real or immovable property situated in Canada;
  - c) shares of the capital stock of corporations not resident in Canada; or
  - d) real or immovable property situated outside of Canada, or any leasehold interests in such property.
4. The Corporation had at least 20 shareholders (except that, in the Corporation's first taxation year this condition was considered to have been met if the condition was met on the last day of such year) and generally no one shareholder (together with Related Persons) owned, directly or indirectly, at any time, more than 25% of the issued shares of any class of shares of the Corporation. Special rules apply for the purposes of counting shareholders that are registered pension plans or deferred profit sharing plans.
5. Any holders of Offered Shares of the Corporation, if any are issued, must have had the right after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of common shares of the Corporation, to participate *pari passu* with holders of the common shares in any further payment of dividends.
6. The cost amount (as defined in the Tax Act) to the Corporation of such of its property consisting of:
- a) loans secured, whether by mortgages, hypothecs or in any other manner, on houses or on property included within a housing project (as these terms are defined in the *National Housing Act*); and
  - b) amounts of any deposits standing to the Corporation's credit in the records of:
    - i) a bank or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec, or
    - ii) a credit union,
- plus the amount of any money of the Corporation must at all times have been at least 50% of the cost amount to it of all of its property.
7. The cost amount of all of the Corporation's real or immovable property, including any leasehold interests in such property (excluding any real or immovable property acquired after default made on a mortgage, hypothec or agreement of sale of real or immovable property whether it be by way of foreclosure or otherwise) must at no time have exceeded 25% of the cost amount of all of its property.
8. The Corporation's liabilities at any time in the year must not have exceeded three times the amount by which the cost amount to it of all of its property exceeded its liabilities, if at any time in the year the cost amount to the Corporation of the properties referred to above under item 6 (50% asset test) plus the amount of any money of the Corporation was less than two thirds of the cost amount to the Corporation of all of its property. In any other case, the liabilities of the Corporation must not have exceeded five times the excess of the cost amount to the Corporation of all of its property over its liabilities.

For purposes of the requirement noted above that no shareholder (together with Related Persons) may own more than 25% of the shares of any class of the Corporation, "**Related Persons**" include a corporation

and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual's spouse, common-law partner or child under 18 years of age. The rules in the Tax Act defining "related persons" are complex and holders should consult with their own tax advisors in this regard.

For the purposes of the 50% asset test noted above, the requirement is that the Corporation's investments must comprise the specified minimum amount of debts that are secured by mortgages, hypothecs or in any other manner, on "houses" or on property included within a "housing project", as those terms are defined in the *National Housing Act* (Canada). Generally, a "house" includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing units, and "housing project" includes all or part of a building or movable structure intended for human habitation, any property intended to be converted or developed to provide housing accommodation, or property associated with housing accommodation such as parking, public and recreational facilities.

### **Taxation of the Corporation**

The Corporation will be considered to be a "public corporation" for purposes of the Tax Act on the basis that it qualifies as a MIC. As a public corporation, the Corporation is subject to tax at the full general corporate income tax rates on its taxable income.

However, as long as the Corporation is a MIC, special rules in the Tax Act apply to the Corporation which generally enable it to deduct in computing its income for a taxation year the amount of its income for that taxation year that is distributed to its shareholders. Specifically, the Corporation will be entitled to deduct, in computing its income for a taxation year, the total of:

- (a) all taxable dividends, other than capital gains dividends, paid by the Corporation to its shareholders during the year (to the extent not deductible in computing the Corporation's income for the previous year) or within 90 days after the end of the year; and
- (b) one-half of all capital gains dividends paid by the Corporation to its shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year.

The Corporation must elect in a prescribed manner to have a dividend qualify as a capital gains dividend. The Corporation may elect that dividends paid during a 12-month period commencing 91 days after the commencement of a taxation year and ending 90 days after the end of the year be capital gains dividends to the extent of the Corporation's capital gains for the year less any applicable capital losses. The election must be made in respect of the full amount of a dividend and can only be made if the Corporation qualifies as a MIC throughout the taxation year in respect of which the dividend is paid. The payment of capital gains dividends allows the Corporation to flow capital gains it realizes through to its shareholders.

The Corporation intends to make distributions to the extent necessary so that it will generally have no taxes payable under Part I of the Tax Act and to elect to have dividends be capital gains dividends to the maximum extent allowable.

## Taxation of Shareholders

### A. Dividends

Taxable dividends, except capital gains dividends, received by a shareholder of the Corporation are taxable in the hands of (whether paid in cash or reinvested in Offered Shares) the shareholder as interest payable on a bond issued by the Corporation and not as dividends. Capital gains dividends received by a shareholder (whether paid in cash or reinvested in Offered Shares) will be treated as capital gains of the shareholder from the disposition in the year of capital property for the year in which the dividend is received.

The normal gross up and dividend tax credit rules will not apply to dividends paid by the Corporation to shareholders who are individuals and trusts. Shareholders that are corporations will not be entitled to deduct the amount of dividends paid by the Corporation from their taxable income. Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of ordinary dividends by a shareholder that is a corporation. A shareholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” (each as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of dividends included in income as interest, as described above, and taxable capital gains.

### B. Dispositions

On a disposition of Offered Shares to the Corporation, a shareholder will generally be deemed to have received, and the Corporation will be deemed to have paid, a dividend in an amount equal to the amount by which the price paid by the Corporation exceeds the paid-up capital of the purchased Offered Shares. This deemed dividend will be treated in the same manner as other dividends received by the shareholder from the Corporation (i.e., as interest income or a capital gain depending on whether the Corporation elects that the entire dividend be a capital gains dividend). The balance of the purchase price, if any, will constitute proceeds of disposition of the Offered Shares for purposes of the capital gains rules, as described below.

On the disposition or deemed disposition of an Offered Share by a shareholder, the shareholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such Offered Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Offered Share to the shareholder. A shareholder’s proceeds of disposition will not include an amount payable by the Corporation on the Offered Share that is otherwise required to be included in the shareholder’s income.

The cost to a shareholder of Offered Shares acquired pursuant to this Offering will equal the purchase price of the Offered Shares plus the amount of any other reasonable costs incurred in connection therewith. This cost will be averaged with the cost of all other shares held by the shareholder to determine the adjusted cost base of each share. The amount of a dividend reinvested in additional shares will be the cost amount of such shares.

Generally, a shareholder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year and, subject to and in accordance with the provisions of the Tax Act, a shareholder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by

the shareholder in the year. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years subject to and in accordance with the provisions of the Tax Act.

A shareholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” (each as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains.

### **Alternative Minimum Tax**

In general terms, capital gains dividends, paid or payable, or deemed to be paid or payable, to a shareholder who is an individual or trust (other than certain specified trusts), and capital gains realized on the disposition of Offered Shares by such shareholder, may increase the shareholder's liability for alternative minimum tax.

### **8.3 Eligibility for Investment by Registered Plans**

The Offered Shares will be qualified investments under the Tax Act for Registered Plans provided that the Corporation qualifies at all times as a MIC and further provided that at any time in the relevant calendar year, the Corporation does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under, or a holder of, the particular Registered Plan, or of any other person who does not deal at arm's length with that person for the purposes of the Tax Act.

Notwithstanding that the Offered Shares may be a qualified investment for a TFSA, FHSA, RDSP, RRSP, RRIF or RESP, the holder of a TFSA, FHSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of a RESP, as the case may be, which acquires Offered Shares will be subject to a penalty tax under the Tax Act if such Offered Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular Registered Plan. Offered Shares will not be a prohibited investment for a TFSA, FHSA, RDSP, RRSP, RRIF or RESP provided the holder of the TFSA, FHSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of a RESP, as applicable, deals at arm's length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation. A “significant interest” of a shareholder of the Corporation generally means ownership by the shareholder, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, of 10% or more of the issued shares of any class of the capital stock of the Corporation. In addition, the Offered Shares will not be a prohibited investment if they are “excluded property” as defined in the Tax Act for the applicable Registered Plan.

**Prospective investors who intend to hold Offered Shares in a Registered Plan should consult with their own tax advisors regarding the application of the prohibited investment rules in the Tax Act having regard to their particular circumstances.**

Dividends received by a Registered Plan on Offered Shares that are a qualified investment for the Registered Plan will generally be exempt from income tax in the Registered Plan, as will capital gains realized by the Registered Plan on the disposition of such shares. Other than withdrawals from a TFSA

and certain withdrawals from a RDSP, FHSA or RESP, withdrawals from Registered Plans are generally subject to tax under the Tax Act.

## **ITEM 9 – COMPENSATION PAID TO SELLERS**

The Offered Shares will be sold by registered dealers, including Ninepoint and Belco, that may be duly authorized by applicable securities law and the Corporation to distribute the Offered Shares from time to time. In its discretion, the Corporation may pay commissions to registered dealers selling the Offered Shares and/or referral fees to finders who refer investors that result in the sale of the Offered Shares, subject to any applicable securities legislation.

Registered Dealers, other than Ninepoint, who distribute Class N Shares may be paid a front-end sales commission or initial sales charge by the investor of up to 2.0% of the subscription price for each Class N Share of the Corporation held by clients of the dealer. Such commission will be negotiated between the dealer and the investor and will be paid directly by the investor to the dealer. All minimum subscription amounts are net of any commissions paid by an investor to a registered dealer.

Registered Dealers, other than Ninepoint and Belco, purchasing Class A or Class N Shares on behalf of their clients may be paid trailing commissions for ongoing services they provide to investors, including investment advice, account statements and newsletters. A trailing commission for Class A and Class N Shares is generally calculated and payable quarterly in arrears to dealers whose clients hold Class A or Class N Shares, as applicable, at a rate equal to, for Class A Shares, one-quarter (1/4) of 0.5%, and for Class N Shares, one-quarter (1/4) of 1.0%, of the gross outstanding principal amount of the mortgage investments held by the Corporation that are attributable to the Class A Shares sold by such dealers as at the last business day of the applicable calendar quarter. The trailing commissions are paid by the Administrator out of the fees it receives from the Corporation.

The Administrator may change or cancel the trailing commission at any time in its sole discretion. There is no trailing commission for Class F Shares.

Ninepoint will not receive any compensation from the investor or the Corporation for acting as an exempt market dealer with respect to the distribution of Class F Shares. Pursuant to the Ninepoint Agreement, the Administrator has agreed to pay Ninepoint a percentage of all fees payable by the Corporation to the Administrator and other fees collected by the Administrator, in each case that are attributable to the classes of Offered Shares distributed by Ninepoint. See *Item 2.8 "Material Contracts"*.

Belco has been engaged, on a non-exclusive basis, as an exempt market dealer to assist the Corporation, on a best-efforts basis, in marketing and distributing Class A Shares. Belco is registered as an exempt market dealer in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan. Belco may engage from time to time dealing representatives registered in the applicable jurisdictions who may also be employees of the Corporation or the Administrator, to act on its behalf in connection with the sale of Class A Shares.

Belco will not receive any compensation from the investor or the Corporation for acting as an exempt market dealer with respect to the distribution of the Class A Shares. In consideration for its services as

exempt market dealer, Belco shall be entitled to a variable fee, calculated as a percentage of the dollar amount of subscriptions accepted by the Corporation for which Belco acted as the exempt market dealer (plus applicable taxes), which fee is subject to a minimum annual amount and will be paid by the Administrator. Belco will not otherwise receive any sales commission or trailer fee for its services.

Although Belco has sponsored an employee of the Administrator to act as a dealing representative on behalf of Belco in connection with the Offering, Belco does not believe it is considered a “connected issuer” of the Corporation, as such term is defined in National Instrument 33-105 *Underwriting Conflicts*. The information and analysis in this Offering Memorandum and the terms of the Offering have not been determined or developed by Belco and have been reviewed by Belco only as necessary for Belco to comply with its “know-your-product” obligations under National Instrument 31-103 *Registrant Obligations* and cannot be, and are not, otherwise assured by Belco. Any employee of the Corporation or the Administrator that is or becomes a dealing representative sponsored by Belco will be an independent contractor of Belco and will only offer the Offered Shares in their role as a dealing representative of Belco.

## **ITEM 10 – RISK FACTORS**

**Investors should carefully review the following risk factors, together with the other information contained in the Offering Memorandum, before making an investment decision to invest in the Offered Shares. The Corporation does not make any recommendation as to the suitability of the Offered Shares for investment by any person.**

The following list of risk factors does not purport to be a complete explanation of all the risks that may arise as a result of investing in the Corporation. Investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Offered Shares, to determine the appropriateness of this investment in relation to their financial and investment objectives, risk/return constraints and time horizons and in relation to the tax consequences of any such investment. In the Corporation’s view, the Offered Shares involve a moderate degree of risk.

### **General Investment Risk**

The purchase of Offered Shares involves a number of risks and is not suitable for investors who cannot afford to assume moderate risks in connection with their investments. Investors should be aware of the risks inherent in the real estate industry, have the ability and willingness to accept the risk of loss of all or some of their investment and have no immediate need for liquidity. There is no assurance of any return on an investor’s investment and an investor may lose some or all of the amount invested in the Corporation.

### **Investment Risk**

#### **i. Liquidity**

There is no market through which the Offered Shares may be sold and the Corporation does not expect any market will develop in the future. Shareholders have restricted rights under the Articles to request retraction of their Offered Shares by the Corporation, and the Corporation may impose limits on retractions and suspend the payment of retraction proceeds. Accordingly, an investment in Offered

Shares should only be considered by investors who do not require liquidity and are able to bear the financial risks of the investment for an extended period of time. See “*Restrictions on Resale*”.

**ii. No Guaranteed Return**

The value of the Offered Shares will vary directly with the performance of the business of the Corporation. The Corporation requires significant funds to carry out its business plan. In the event the Corporation is unable to raise sufficient funds, the Corporation may have insufficient funds available to implement its business plan, and investors may receive no return on their investment.

There is no guarantee that the Corporation will earn the targeted yield on the Mortgage Portfolio. There can be no assurance that mortgagors will not default on their mortgage payments, that the value of the mortgaged property, if realized upon, will be sufficient to satisfy the mortgagor’s obligations to the Corporation or that the Corporation will not incur losses. In the event that additional security is given by the mortgagor 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 the Corporation resorts to it.

The funds available for distribution to the Corporation will vary according to many factors, notably the timing and amount of interest payments received in respect of mortgage loans held by the Corporation and the costs associated with borrowing funds. Although the Corporation’s Investment Committee carefully selects the mortgages (presented to it by the Administrator) that the Corporation will hold, there is no assurance that such mortgages will have a guaranteed rate of return to investors, or that losses will not be suffered on one or more of such mortgages.

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.

**iii. Absence of Management Rights**

The Offered Shares being sold under the Offering Memorandum do not carry voting rights, and consequently an investor’s investment in Offered Shares does not carry with it any right to take part in the control or management of the Corporation’s business, including without limitation matters such as the election of directors, when or if dividends will be declared, whether there will be a change of control of the Corporation or a change of the Administrator or whether to facilitate a public offering of the shares of the Corporation or the listing of any class of shares of the Corporation on a stock exchange, except as otherwise required by applicable laws.

In assessing the risks and rewards of an investment in Offered Shares, investors should appreciate they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Corporation 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 directors, officers and employees. It would be inappropriate for investors unwilling to rely on these individuals to this extent to purchase Offered Shares.

#### **iv. Use of Leverage**

The Corporation has the option to incur indebtedness secured by the Corporation's assets to purchase or make mortgage investments. There can be no assurance such a strategy will enhance returns, and in fact, use of this strategy could adversely affect returns. Use of leverage through borrowing (and the assignment of mortgages as collateral) can also expose the Corporation to additional losses of capital.

#### **v. Uninsured Investment**

None of the Corporation nor the Administrator is a member of the Canada Deposit Insurance Corporation and the Offered Shares hereunder are therefore not insured against loss through the Canada Deposit Insurance Corporation.

The Corporation's mortgage investments will not usually be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which the Corporation may not be able to insure against or which the Corporation may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted.

### **Issuer Risk**

#### **i. Reliance on the Administrator**

In accordance with the terms of the Mortgage Administration Agreement between the Corporation and the Administrator, the Administrator has significant responsibility for assisting the Corporation in conducting its affairs. Any inability of the Administrator to fulfill its responsibilities under the Mortgage Administration Agreement competently or on a timely basis could negatively affect the Corporation. Investors unwilling to rely on the judgment of the directors, officers and employees of the Administrator should not purchase the Offered Shares.

#### **ii. Key Personnel**

The operations of the Corporation and the Administrator are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Corporation to implement its business plan and achieve its objectives.

#### **iii. Lack of Independent Experts Representing Shareholders**

Each of the Corporation and the Administrator have consulted with a single legal counsel regarding the formation and terms of the Corporation and the offering of the Offered Shares. Shareholders of the Corporation have not, however, been independently represented. Therefore, to the extent that the Corporation, the shareholders and/or the Offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his, her, or its own legal, tax and financial advisors regarding the desirability of purchasing Shares and the suitability of investing in the Corporation.

#### **iv. No Involvement of Unaffiliated Selling Agent**

No outside selling agent unaffiliated with the Administrator has made any review or investigation of the terms of the Offering, the structure of the Corporation or the background of the Administrator.

#### **v. MIC Tax Designation**

The directors of the Corporation will use their best efforts to ensure the Corporation qualifies at all relevant times as a MIC under the Tax Act. To that end, the directors have the discretion to reject any applications for share subscriptions, transfers or retractions where, in the view of the directors, such acts would result in the Corporation failing to meet the requirements of a MIC. The Corporation may also require the redemption of Offered Shares. The Articles also grant the directors other powers to preserve the Corporation's MIC status which include, the power to delay, terminate, modify and restructure potential transactions impacting the Offered Shares, including forcing the conversion of the Offered Shares to shares of another class of the Corporation, all without consent of the actual or prospective holders of Offered Shares affected thereby.

If, for any reason, the Corporation fails to maintain its MIC qualification throughout a particular year, the dividends paid by the Corporation on the Offered Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Offered Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Offered Shares could cease to be qualified investments for Registered Plans, with the effect that adverse tax consequences may arise for the Registered Plan and the annuitant thereunder.

The Corporation undertook certain measures in its taxation year ending June 30, 2016 that it considered necessary for the Corporation to qualify as a MIC throughout such taxation year (and future years). However, there can be no assurance that the CRA will agree to the effectiveness of such measures in respect of such taxation year. If the CRA took the position that the Corporation did not qualify as a MIC throughout such taxation year, certain adverse tax consequences described above would apply and the Corporation could be assessed taxes, interest and penalties under Part I of the Tax Act for such taxation year which could adversely impact the Corporation's ability to pay dividends.

**There can be no assurance that the Corporation will be able to meet the Tax Act's MIC qualifications at all material times. If the Corporation fails to qualify as a MIC at all material times, there could be adverse tax consequences to the Corporation and to a holder of Offered Shares.**

#### **vi. Illiquidity 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 or to ensure that sufficient funds are available to meet retraction requests and/or make distributions. Furthermore, certain significant expenditures, including principal and interest payments on borrowed funds, property taxes, capital repair and replacement costs, maintenance costs, 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 mortgagor is not honoring its contractual obligations.

#### **vii. Priority Over Security**

Notwithstanding that the Administrator (on behalf of the Corporation) monitors title issues and payment of realty taxes on a regular basis, any real property may be subject to one or more unregistered liens or charges which may take priority over a mortgage granted by the Corporation, even a first-ranking one.

Such liens or charges may arise, for example, without limitation, as a result of unpaid municipal taxes, utility bills or condominium fees. With respect to a subordinate debt mortgage, the interest of the Corporation will be secured by a charge upon or in the underlying real property, but will be in a subordinate position. Therefore, in the event of a default by the mortgagor under any prior ranked charge on the mortgage, the Corporation may not recover any or all of its monies advanced.

If a mortgagor is in default under the terms of its obligations to a holder of an unregistered lien or charge or a holder of a first ranking charge on real property, any such holder may take a number of actions against the borrower and ultimately against the underlying real property without any obligation to obtain the consent of, or act in co-operation with, the subordinated mortgagees. Such actions may include foreclosure or an action forcing the underlying real property to be sold (known as a “power of sale”). Foreclosure may have the ultimate effect of depriving any other person, even the holder of a registered 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 or liens on the property ranking prior to the Corporation, the Corporation may lose all or part of its investment.

#### **viii. Specific Investment Risk for Non-Institutional Mortgage Investments**

Non-institutional 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, i.e. the property put up as collateral by the defaulting mortgagor, would be tied up for a period of time, diverting resources away from the funding of new investments. Legal fees and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are borne by the Corporation. Although a portion of 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. Due to fluctuations in the market and the economy generally, there is a possibility that historical loan default rates may increase, resulting in increased fees and costs and lower profits, and that in any power of sale, the Corporation could lose some or a substantial portion of the principal amount loaned to the borrower.

#### **ix. Potential Indemnification Obligations**

Under certain circumstances, the Corporation might be subject to indemnification obligations in favour of the Administrator, its directors, officers, shareholders and employees and/or other parties the Corporation contracts with. The Corporation is not required to carry insurance to cover such potential obligations and, although the Corporation and the Administrator may in its discretion obtain insurance, there can be no assurance that any such insurance will be sufficient to insure for losses for which the Corporation has agreed to indemnify. Any indemnification paid by the Corporation would reduce the Corporation’s projected returns.

#### **x. 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 the mortgagor or the Corporation, 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 Corporation and the mortgagors at the time of renewal and the terms of a refinancing may therefore not be as favorable as the terms of existing indebtedness.

**xi. Foreclosure and Related Costs**

One or more borrowers could fail to make payments according to the terms of their loans, 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 expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by the Corporation.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made during the enforcement process 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 the Partnership's investments.

**xii. Data Security and Privacy Breaches**

The cybersecurity risks faced by the Corporation, the Administrator, service providers and shareholders have increased in recent years due to the proliferation of cyber-attacks that target computers, information systems, software, data and networks. Cyber-attacks include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, the introduction of computer viruses and other malicious codes such as "ransomware", and fraudulent "phishing" emails that seek to misappropriate data and information or install malware on users' computers. The potential effects of cyber-attacks include the theft or loss of data, unauthorized access to, and disclosure of, confidential personal and business-related information, service disruption, remediation costs, increased cybersecurity costs, lost revenue, litigation and reputational harm which can materially affect the Corporation. The Administrator continuously monitors security threats to its information systems and implements measures to manage these threats, however the risk to the Corporation and the Administrator and therefore shareholders cannot be fully mitigated due to the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats.

**Industry Risk**

**i. General Economic and Market Conditions**

The success of the Corporation's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. Adverse economic and market conditions could impair the Corporation's profitability or result in losses.

## **ii. Sensitivity to Interest Rates**

It is anticipated that the value of the Corporation's assets and the income therefrom at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the mortgages comprising the Corporation's mortgage portfolio. If there is a decline in interest rates (as measured by the benchmarks upon which the interest rates of the Corporation's mortgage assets are based), the Corporation may find it difficult to source/originate a mortgage loan bearing rates sufficient to achieve the targeted distributions. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's ability to maintain distributions at a consistent level. Due to the inability to accurately predict the extent to which the mortgages in which the Corporation invests in, 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.

## **iii. Changes in Property Values**

The mortgage loans in which the Corporation invests, 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, environmental hazards, and other factors. The value of properties on which the Corporation holds mortgages could fall below the principal amount of the outstanding mortgage loans on those properties, thereby exposing the Corporation to potential losses if the mortgagor defaults on the mortgage loan and the Corporation must sell the property in an attempt to recover its mortgage loan. Losses sustained by the Corporation in respect of a mortgage loan(s) may result in a decrease in the value of the assets of the Corporation and may delay or prevent the Corporation from meeting retraction requests and/or making distributions. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. While independent appraisals may be obtained 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 and assumptions, 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.

## **iv. Possible Changes in Laws**

There can be no assurance that income tax laws, securities laws and other applicable legislation or regulations will not be repealed, amended or implemented, from time to time, and that such change will not adversely affect shareholders of the Corporation or necessitate changes in the manner in which the business of the Corporation or the Administrator is conducted.

## **v. Competition**

The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Administrator, to locate suitable opportunities for the investment and reinvestment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The industry in

which the Corporation operates is subject to a wide variety of competition from public and private businesses, many of whom have greater financial and technical resources than the Corporation. Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

**vi. Environmental Liability of a Mortgagee in Possession**

Environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, where the Corporation may exercise its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The failure to effect remedial work may adversely affect an owner's ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner.

**vii. Risks Related to Natural Disasters, Health Epidemics and Similar Outbreaks**

The Corporation could be adversely affected by natural disasters, pandemics, epidemics or outbreaks of contagious diseases. The occurrence of any such events may have the effect of heightening many of the other risks in the Offering Memorandum. The impact of a natural disaster or health outbreak on the value of the Mortgage Portfolio will depend on the impact such event has on the general economy, including interest rates and real estate values and will depend on the duration and spread of the outbreak, impact of event and related advisories and restrictions. The impact of such events on the real estate markets in which the Corporation invests and the overall economy are uncertain. If such markets and/or the overall economy are impacted for an extended period, the Corporation's future financial performance may be materially adversely affected. The Corporation may incur expenses or delays relating to such events outside of their control, which could have a material adverse impact on their performance. Additionally, natural disasters and health outbreaks present risks to the Trustees and key personnel and staff of the Administrator to perform their roles in the event they become ill or are unable to continue to effectively operate on a remote basis. Due to the uncertainty and rapidly evolving nature of such events, it is impossible to list all of the potential impacts they could have upon the Corporation.

**Conflict of Interest**

**i. General**

Certain of the Corporation's directors and officers may face actual or potential conflicts of interest due to their positions as directors and/or officers of the Corporation, the Administrator and/or their direct or indirect ownership interests in the Corporation and/or the Administrator. As the Administrator is paid the Administration Fee, the Incentive Fee and other fees (as more particularly described elsewhere in the Offering Memorandum) by the Corporation, there exists the possibility that such shareholders, officers and directors will be in a position of conflict. See "*Compensation Payable to the Administrator*".

Persons considering a purchase of Offered Shares must rely on the judgment and good faith of the directors, officers and employees of the Administrator and the Corporation in resolving such conflicts of interest as may arise. The directors and officers of the Corporation are required by law to act in the best interests of the Corporation.

As of the date of this Offering Memorandum, Phil Braginetz, David Guiney and Charlotte Wang are the only independent directors of the Corporation and the Administrator. There are no independent members of either the Investment Committee or the Credit Committee.

## ii. The Administrator

The Corporation and its shareholders are dependent in large part upon the experience and good faith of the Administrator, which is entitled to earn fees for providing certain services to the Corporation in accordance with the Mortgage Administration Agreement.

The directors of the Administrator are also directors of the Corporation and certain officers of the Administrator are also officers of the Corporation. The Administrator is controlled, directly and/or indirectly, by certain Principal Shareholders of the Corporation. In addition, certain directors and officers of the Administrator serve as members of the Credit Committee and Investment Committee.

The Administrator is entitled to receive the Administration Fee, the Incentive Fee, if applicable, and the other fees payable to the Administrator (as more particularly discussed elsewhere in the Offering Memorandum). See *Item 2.8 "Material Contracts"*. See *"Compensation Payable to the Administrator"*.

The services the Administrator performs may not be exclusive to the Corporation and nothing in the Mortgage Administration Agreement or any other agreement prevents the Administrator from providing similar services to other entities and other clients (whether or not their investment objectives and policies are similar to those of the Corporation) or from engaging in other activities.

The Administrator and its shareholders, directors and senior officers may have interests and dealings in other entities which may in the future be actively engaged in a similar business as the Corporation. Neither the Administrator nor its shareholders, directors or senior officers are required to avoid any conflict of interest as a result of such other interests or dealings, even if competitive with the business of the Corporation, and even if the business opportunity could have been pursued by the Corporation.

## ITEM 11 - REPORTING OBLIGATIONS

### 11.1 Continuous Disclosure

The Corporation is not a "reporting user" under applicable securities legislation, nor will the Corporation become a reporting issuer following the completion of the offering. **Consequently, the Corporation is not required to send Shareholders any 'continuous disclosure' documents on an annual or ongoing basis.** Since the Corporation is not subject to the continuous disclosure requirements applicable to reporting issuers pursuant to the applicable securities legislation, the Corporation is not required to issue press releases disclosing material changes in the business and affairs of the Corporation or to send to you the Corporation's interim and annual financial statements, management's discussion and analysis respecting such statements or annual reports.

However, the *Canada Business Corporations Act* requires the Corporation to provide its shareholders with financial statements (along with the report of the auditor, if any) for each fiscal year. In addition, the Corporation is required to forward to holders of the Offered Shares that purchased Shares under the offering memorandum audited financial statements and disclosure regarding the use of the

aggregate gross proceeds raised by the Corporation under the offering memorandum exemption within 120 days following the end of each fiscal year of the Corporation, and such other information as required by applicable securities laws for a non-reporting issuer that distributes the Offered Shares 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 available to Shareholders as and when required.

Generally, disclosure documents will be considered to have been “made reasonably available” to shareholders if the documents are mailed to shareholders, or if shareholders receive notice that the disclosure documents can be viewed on a public website of the Corporation or a website accessible by all shareholders. The fiscal year of the Corporation ends on the 31<sup>st</sup> day of December of each year. Furthermore, the Corporation is required to provide notice to holders of the Offered Shares that purchased Shares under the offering memorandum exemption within ten (10) days of the occurrence of: (a) a discontinuation of the Corporation’s business; (b) a change in the Corporation’s industry; or (c) a change of control of the Corporation.

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

MNP LLP, in Toronto Ontario, has been appointed the auditor of the Corporation. The Corporation’s financial year-end is June 30<sup>th</sup>.

## **11.2 Access to Corporate and Securities Information about the Corporation**

Since the Corporation is not a reporting issuer and the Corporation’s Offered Shares are not publicly traded, no corporate or securities information about the Corporation is available from a government, regulatory authority, stock exchange or quotation and trade reporting system. Some securities information about this and previous offerings is available from the Ontario Securities Commission at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and other applicable securities regulators. Further information about the Corporation is posted and available for review on the Corporation’s website at [www.riverrockmic.com](http://www.riverrockmic.com) or from the Corporation at the contact information set out on the face page of this Offering Memorandum. As required pursuant to section 2.9 of National Instrument 45-106 *Prospectus Exemptions*, the Corporation files reports of exempt distribution on SEDAR+.

## **ITEM 12 – RESALE RESTRICTIONS**

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

The Offered Shares being distributed pursuant to the Offering Memorandum are subject to restrictions on resale until such times as: (i) appropriate hold periods have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the Corporation is not a reporting issuer pursuant to applicable securities legislation of any jurisdiction, the applicable hold period may never expire, and if no

further statutory exemption is available or if no discretionary order is obtained, this could result in a potential investor having to hold Offered Shares for an indefinite period of time. The Corporation does not intend to file a prospectus or otherwise become a reporting issuer pursuant to applicable securities legislation and accordingly it is not intended that any Offered Shares will become freely tradable.

Transfers of shares of the Corporation are also subject to the approval of the directors of the Corporation.

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

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

### **12.1 Restricted Period**

Unless permitted under securities legislation, in all jurisdictions in Canada other than Manitoba, you cannot trade the Offered Shares before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada. The Corporation is not a reporting issuer and has no present intention of becoming a reporting issuer. **The resale restriction on the securities may therefore never expire.**

### **12.2 Manitoba Resale Restrictions**

Furthermore, unless permitted under securities legislation, in Manitoba, you must not trade the Offered Shares 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 Offered Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- b) you have held the Offered Shares for at least 12 months.

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

Purchasers should consult their legal advisors to determine the resale restrictions, availability of further exemptions or the possibility of obtaining a discretionary order.

## **ITEM 13 – PURCHASERS’ RIGHT**

### **13.1 Statements Regarding Purchasers’ Rights**

If the Subscriber subscribes for the Offered Shares, the Subscriber will have certain rights, some of which are described below. For more information about the Subscriber’s rights, the Subscriber should consult with his legal advisor.

## Two Day Cancellation Right

If the Subscriber purchases Offered Shares in reliance on the “offering memorandum” prospectus exemption, the Subscriber can cancel the agreement to purchase these Offered Shares. To do so, the Subscriber must send a notice to us by 11:59 pm (Eastern Standard Time) on the second business day after he or she or it signs the Subscription Agreement to purchase the Offered Shares. The Corporation shall return all amounts paid under the Subscription Agreement to the prospective Subscriber promptly if the prospective Subscriber exercises the right to cancel the agreement to purchase the Offered Shares within the foregoing prescribed time period.

## Purchaser’s Rights of Action

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Offered Shares. Securities legislation in certain jurisdictions of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the Offering Memorandum and any amendment hereto contains a misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation. Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province of residence.

For the purposes of this section, “misrepresentation” means:

- (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of the Offered Shares (a “material fact”); or
- (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A summary of the rights of action for damages or rescission in the offering jurisdictions, which are subject to the securities legislation in such offering jurisdiction, are set forth below.

**Investors should refer to the applicable provisions of securities legislation for the full particulars of these rights or consult with their legal advisors. The following summary is subject to the express provisions of the securities legislation referred to below and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Issuer may rely. The rights of action for damages or rescission discussed below are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.**

### Alberta

When a purchaser resident in Alberta and relying on the Offering Memorandum or Minimum Amount prospectus exemption buys Offered Shares of the Issuer, Section 204 of the *Securities Act* (Alberta) provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer or selling security holder on whose behalf the distribution is made, every director of the Issuer at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum, but may elect (while still the owner of any of the Offered Shares of the Issuer such purchaser purchased) to exercise a right of rescission

against the Issuer or selling security holder on whose behalf the distribution is made, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Issuer, any director of the Issuer nor anyone signing this Offering Memorandum will be liable if the Issuer or such person or company proves that the purchaser purchased the Offered Shares of the Issuer with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Issuer, any director of the Issuer nor anyone signing this Offering Memorandum will be liable for all or any portion of such damages if the Issuer or such person or company proves that they do not represent the depreciation in value of the Offered Shares of the Issuer as a result of the misrepresentation relied on; and
- (c) in no case will the amount recoverable under this right of action exceed the price at which the Offered Shares of the Issuer were sold to the purchaser.

No person or company, other than the Issuer, is liable:

- (a) if the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of the person or company;
- (b) if the person or company proves that the person or company, on becoming aware of the misrepresentation, withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (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 Alberta, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased the Offered Shares of the Issuer; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased the Offered Shares of the Issuer.

### **British Columbia**

When a purchaser resident in British Columbia and relying on the Offering Memorandum prospectus exemption buys Offered Shares, section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that this Offering Memorandum (such as this Offering Memorandum), contains a misrepresentation, the purchaser will be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defenses, a statutory right of action for damages against the Issuer and, subject to certain additional defenses, every director of the Issuer at the date of the Offering Memorandum and every person who signed the Offering Memorandum or, alternatively, may elect instead to exercise a statutory right of

rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the Offering Memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the Issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the Offering Memorandum and after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the Offering Memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company 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 did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a misrepresentation is contained in the Offering Memorandum, the directors of the Issuer, and every person or company who signed the Offering Memorandum, shall not be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation.

A person is not liable for misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that 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 in the forward-looking information, and 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 the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### **Manitoba**

Sections 141.1, 141.1.2, and 141.4 of *The Securities Act* (Manitoba) provide that if the Offering Memorandum delivered to a purchaser of Offered Shares resident in Manitoba contains a misrepresentation and it was a misrepresentation at the time of purchase of Offered Shares by such purchaser, the purchaser will be deemed to have relied on such misrepresentation and will have a right of action against the Issuer, every director of the Issuer, and every person or company that signed the Offering Memorandum for damages or, alternatively, while still the owner of the purchased Offered Shares, for rescission against the Issuer (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that among other limitations:

- (a) the Issuer will not be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the Issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Offered Shares as a result of the misrepresentation;
- (c) other than with respect to the Issuer, no person or company is liable if the person or company proves:
  - (i) that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent; and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge and consent;
- (d) other than with respect to the Issuer, no person or company is liable if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;
- (e) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company 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;
- (f) other than with respect to the Issuer, no person or company is liable with respect to any part of this 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 company:
  - (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;
- (g) in no case will the amount recoverable in any action exceed the price at which the Offered Shares were sold to the purchaser; and
- (h) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase of the Offered Shares; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) two years after the date of purchase of the Offered Shares.

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

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

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

### **Northwest Territories**

Sections 112 and 121 of the *Securities Act* (Northwest Territories) provide that if the Offering Memorandum delivered to a purchaser of Offered Shares resident in Northwest Territories contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every person performing a function or occupying a position with respect to the Issuer which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In

addition, such a purchaser also has a right of rescission against a Issuer or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person will not be liable if the person proves that the purchaser purchased the Offered Shares with the knowledge of the misrepresentation;
- (b) a person (other than the Issuer or selling security holder on whose behalf the distribution is made) will not be liable if:
  - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of that person or company;
  - (ii) the person, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;
  - (iii) 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, statement or opinion of an expert, the person 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 did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
  - (iv) for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:
    - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
    - B. believed that there had been a misrepresentation;
- (a) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation;
- (b) the Issuer, every director of the Issuer at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Issuer does not receive any proceeds from the distribution of the Offered Shares and the misrepresentation was not based on information provided by the Corporation, unless the misrepresentation:
  - (i) was based on information previously publicly disclosed by the Issuer;
  - (ii) was a misrepresentation at the time of its previous public disclosure; and

- (iii) was not subsequently publicly corrected or superseded by the Issuer before completion of the distribution of the Offered Shares being distributed;
- (c) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Offered Shares purchased by the purchaser were offered; and
- (d) no action may be commenced to enforce a right of action more than:
  - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the misrepresentation, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

### **Nova Scotia**

Sections 138, 139A, and 146 of the *Securities Act* (Nova Scotia) provide that if the Offering Memorandum or any amendment delivered to a purchaser of Offered Shares resident in Nova Scotia contains a misrepresentation, a purchaser resident in Nova Scotia to whom this Offering Memorandum has been sent or delivered and who purchases the Offered Shares is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has a right of action for damages against the Issuer, against every director of the Issuer, and every person or company that signed the Offering Memorandum or alternatively, may elect to exercise a right of rescission against the Issuer (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the misrepresentation;
- (b) no person other than the Issuer is liable if the person proves that:
  - (i) this Offering Memorandum or the amendment to this Offering Memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;

- (ii) after delivery of this Offering Memorandum or the amendment to this Offering Memorandum and before the purchase of the Offered Shares by the purchaser, on becoming aware of any misrepresentation in this Offering Memorandum, or amendment to this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum, or the amendment to this Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it;
- (iii) with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum or amendment to 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
- (iv) with respect to any part of this Offering Memorandum or amendment to 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
  - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - B. believed that there had been a misrepresentation;
- (c) in an action for damages, a person is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Shares as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Offered Shares were offered; and
- (e) no action may be commenced to enforce a right of action more than 120 days:
  - (i) after the date on which payment was made for the Offered Shares; or
  - (ii) after the date on which the initial payment was made for Offered Shares where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

In addition, a person is not liable in an action for a misrepresentation in forward-looking information if:

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

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

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

### **New Brunswick**

Section 150 of the *Securities Act* (New Brunswick) provides that if this Offering Memorandum contains a misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against (i) the Issuer, (ii) the selling security holder on whose behalf the distribution is made, (iii) every person who was a director of the Issuer at the date of the Offering Memorandum, (iv) every person who signed the Offering Memorandum, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a)(i) or (ii), the purchaser may elect to exercise a right of rescission against the person referred to in that subparagraph, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the misrepresentation. However, there are various defences available. In particular, no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the Offering Memorandum and any defendant will not be 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.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (a) six years after the date of the transaction that gave rise to the cause of action.

### **Newfoundland and Labrador**

Sections 130.1, 132, and 138 of the *Securities Act* (Newfoundland and Labrador) provide that if the Offering Memorandum delivered to a purchaser of Offered Shares resident in Newfoundland and Labrador contains a misrepresentation and it was a misrepresentation at the time of purchase of Offered Shares by such purchaser, the purchaser will be deemed to have relied on such misrepresentation and will have a right of action against the Issuer, every director of the Issuer at the date of the Offering Memorandum and every person or company who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased Offered Shares, for rescission against the Issuer (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that among other limitations:

- (a) where the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) in an action for damages, the defendant will not be liable for all or any part of the damages that the Issuer provides do not represent the depreciation in value of the Offered Shares as a result of the misrepresentation;
- (c) other than with respect to the Issuer, if the person or company proves that the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;
- (d) other than with respect to the Issuer if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company 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; and
- (e) other than with respect to the Issuer, with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
  - (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;
- (f) other than with respect to the Issuer, where the person or company proves that the Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of the person or company; and
- (g) the amount recoverable shall not exceed the price at which the securities were offered to the public;
- (h) no action may be commenced to enforce a right of action more than:
  - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the misrepresentation, or (B) three years after the date of the purchase.

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

- (a) this Offering Memorandum contains, proximate to that information,

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

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

### **Nunavut**

Sections 112 and 121 of the *Securities Act* (Nunavut) provide that if the Offering Memorandum delivered to a purchaser of Offered Shares resident in Nunavut contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every director of the Issuer at the date of the Offering Memorandum; and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Issuer or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages).

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person will not be liable if the person proves that the purchaser purchased the Offered Shares with the knowledge of the misrepresentation;
- (b) a person other than the Issuer and selling security holder will not be liable if:
  - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and if, on becoming aware of its being sent, the person promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of that person;
  - (ii) the person, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it; or
  - (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
    - A. there had been a Misrepresentation; or
    - B. the relevant part of the Offering Memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

(iv) for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or

B. believed that there had been a misrepresentation;

(c) the Issuer, and every director of the Issuer at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Issuer does not receive any proceeds from the distribution of the Offered Shares and the misrepresentation was not based on information provided by the Issuer, unless the Misrepresentation:

(i) was based on information previously publicly disclosed by the Issuer; (ii) was a misrepresentation at the time of its previous public disclosure; and

(iii) was not subsequently publicly corrected or superseded by the Issuer before completion of the distribution of the Offered Shares being distributed;

(d) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation;

(e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Offered Shares purchased by the purchaser were offered; and

(f) no action may be commenced to enforce a right of action more than the earlier of: (i) in the case of an action for rescission, 180 days after the date of the purchase; or (ii) in the case of an action for damages, (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a misrepresentation in in forward-looking information (excluding those made in financial statements) if:

(a) the Offering Memorandum containing the forward-looking information contained, proximate to the forward-looking information,

(i) reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

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

## Ontario

Sections 130.1 and 132.1 of the *Securities Act* (Ontario) provide that if the Offering Memorandum or amendment delivered to a purchaser of Offered Shares resident in Ontario contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Issuer and a selling security holder on whose behalf the distribution is made or while still the owner of Offered Shares purchased by that purchaser, for rescission (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) no person or company will be liable if it proves that the purchaser purchased the Offered Shares with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon;
- (c) the Issuer shall not be liable where it is not receiving any proceeds from the distribution of the Offered Shares being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation,
  - (i) was based on information that was previously publicly disclosed by the Issuer;
  - (ii) was a misrepresentation at the time of its previous public disclosure; and
  - (iii) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the Offered Shares being distributed;
- (d) in no case will the amount recoverable in any action exceed the price at which the Offered Shares were offered; and
- (e) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase.

A person or company is not liable for a misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

Rights referred to above do not apply in respect of the Offering Memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### **Prince Edward Island**

Section 112 and 121 of the *Securities Act* (Prince Edward Island) provides to a purchaser who purchases a security offered by the Offering Memorandum) containing a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (a) the Issuer, (b) the selling security holder on whose behalf the distribution is made, (c) every director of the Issuer at the date of the Offering Memorandum, and (d) every person who signed the Offering Memorandum.

If the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has a right of action for rescission against the Issuer or the selling security holder on whose behalf the distribution is made. If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages.

A person, other than the issuer and selling security holder, is not liable if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) 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, statement or opinion of an expert, the person 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, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the statute for a complete listing.

In an action for damages, the defendant is not liable for any damages that he or she proves do not represent the depreciation in value of the security resulting from the misrepresentation. In addition, the

amount recoverable must not exceed the price at which the securities purchased by the purchaser were offered.

Section 121 the statute provides that no action may be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action other than an action for rescission: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction giving rise to the cause of action,

whichever period expires first.

### **Québec**

Notwithstanding that the *Securities Act* (Québec) does not provide, or require the Issuer to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, the Issuer hereby grants to purchasers relying on the Offering Memorandum prospectus exemption contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

The contractual rights of action for rescission or damages granted to subscribers in Québec are in addition to and do not derogate from any other right that the subscriber may have at law.

### **Saskatchewan**

Sections 138 and 147 of the *Securities Act* (Saskatchewan) provide that where the Offering Memorandum, together with any amendment to the Offering Memorandum, sent or delivered to a purchaser resident in Saskatchewan contains a misrepresentation, a purchaser who purchases a security covered by the Offering Memorandum or an amendment to the Offering Memorandum has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (a) the Issuer or a selling security holder on whose behalf the distribution is made; (b) every promoter and director of the Issuer or the selling security holder, as the case may be, at the time the Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered; (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; (d) every person who or company that, in addition to the persons or companies mentioned in clauses (a) to (c), signed the Offering Memorandum or the amendment to the Offering Memorandum; and (e) every person who or company that sells Offered Shares on behalf of the Issuer or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Issuer or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Offered Shares with knowledge of the misrepresentation;
- (b) except the Issuer or selling security holder, no person or company is liable if the person or company proves that:
  - (i) the Offering Memorandum or the amendment to the Offering Memorandum was sent

or delivered without the person's or company's knowledge or consent and that, on becoming aware of its being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered;

- (ii) after the filing of the Offering Memorandum or the amendment to the Offering Memorandum and before the purchase of the Offered Shares by the purchaser, on becoming aware of any misrepresentation in the Offering Memorandum or the amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
  - (iii) with respect to any part of the Offering Memorandum or of the amendment to the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:
    - A. there had been a misrepresentation;
    - B. the part of the offering or of the amendment to the Offering Memorandum did not fairly represent the report, opinion or statement of the expert; or
    - C. 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;
  - (iv) 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 company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:
    - A. the person or company 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 company's report, opinion or statement; or
    - B. 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 company's report, opinion or statement as an expert, the person or company immediately advised the Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the Offering Memorandum or of the amendment to the Offering Memorandum; or
  - (v) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true;
- (c) no person or company will be liable for any part of the Offering Memorandum or the

amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company:

- (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (ii) believed there had been a misrepresentation;
- (d) except for the Issuer and selling security holder, no person or company will be liable for any part of the Offering Memorandum or the amendment to the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company:
- (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (ii) believed there had been a misrepresentation;
- (e) every person who or company that sells Offered Shares on behalf of the Issuer or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum is not liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or the amendment to the offering memorandum;
- (f) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Offered Shares resulting from the misrepresentation relied on;
- (g) in no case shall the amount recoverable exceed the price at which the Offered Shares were offered; and
- (h) no action shall be commenced to enforce a right of action more than:
- (i) for rescission, 180 days after the date of purchase; or
  - (ii) for damages, the earlier of: (A) one year after the purchaser first had knowledge of the misrepresentation, or (B) six years after the date of the purchase.

A person or company is not liable for a misrepresentation in forward-looking information in the Offering Memorandum or amendment if the person or company proves that:

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

## Yukon

Sections 112 and 121 of the *Securities Act* (Yukon) provides that where the Offering Memorandum is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every director of the Issuer at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Issuer or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person or company will not be liable if the person or company proves that the purchaser purchased the Offered Shares with the knowledge of the misrepresentation;
- (b) except a Corporation and selling security holder, a person or company will not be liable if:
  - (i) the Offering Memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of that person or company;
  - (ii) the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person or company's consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it; or
  - (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
    - A. there had been a misrepresentation; or
    - B. the relevant part of the Offering Memorandum (1) did not fairly represent the report, statement or opinion of the expert (2) or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (c) for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
  - (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;
- (d) the Issuer, and every director of the Issuer at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Issuer does not receive any proceeds from the distribution of the Offered Shares and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation

- (i) was based on information that was previously publicly disclosed by the Issuer;
  - (ii) was a misrepresentation at the time of its previous public disclosure; and
  - (iii) was not subsequently publicly corrected or superseded by the Issuer before completion of the distribution of the Offered Shares being distributed;
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Offered Shares purchased by the purchaser were offered;
- (f) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
- (g) no action shall be commenced to enforce a right of action more than:
- (i) for rescission, 180 days after the date of purchase; or
  - (ii) for damages, the earlier of: (A) 180 days after the purchaser first had knowledge of the misrepresentation, or (B) three years after the date of the purchase.

In addition, no person or company will be liable with respect to a misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

### **13.2 Cautionary Statement Regarding Report, Statements or Opinion by Expert**

Aside from the auditor's report included in the financial statements, no report, statement or opinion by a solicitor, auditor, accountant, engineer, appraiser, notary in Québec or other person or company whose profession or business could, to a reasonable person, be viewed as giving authority to a statement made by that person or company, is included or referenced in this Offering Memorandum. You do not have a statutory right of action against the auditor for a misrepresentation in the Offering Memorandum. You should consult with a legal adviser for further information.

## **ITEM 14 - FINANCIAL STATEMENTS**

Below are the audited annual financial statements for the Corporation for the years ended June 30, 2025 and 2024.

# **RiverRock Mortgage Investment Corporation**

## **Financial Statements**

For the years ended June 30, 2025 and June 30, 2024

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## Independent Auditor's Report

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To the Shareholders of RiverRock Mortgage Investment Corporation:

### Opinion

We have audited the financial statements of RiverRock Mortgage Investment Corporation (the "Corporation"), which comprise the statements of financial position as at June 30, 2025 and June 30, 2024, and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2025 and June 30, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Toronto, Ontario  
September 26, 2025

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# RiverRock Mortgage Investment Corporation

## Statements of Financial Position

As at	June 30, 2025	June 30, 2024
<b>Assets</b>		
Cash	\$ 7,068,155	\$ 8,296,508
Mortgage Interest Receivable	\$ 3,596,756	\$ 3,414,622
Accounts Receivable	\$ 357,204	\$ 330,996
Prepaid Financing Expense	\$ 9,167	\$ 9,167
Mortgage Receivables, net	\$ 234,200,106	\$ 234,938,159
<b>Total Assets</b>	<b>\$ 245,231,388</b>	<b>\$ 246,989,452</b>
<b>Liabilities</b>		
Line of Credit (Note 11)	\$ 78,515,000	\$ 68,840,000
Unearned Mortgage Interest Revenue	\$ 1,792,944	\$ 2,257,643
Due to Related Parties (Note 5)	\$ 827,315	\$ 981,886
Distributions Payable	\$ 434,495	\$ 475,347
Mortgage Statement Fees Payable (Note 8)	\$ 371,367	\$ 445,244
Lending Fees Payable (Note 8)	\$ 76,427	\$ 91,141
Mortgage Broker Fees Payable	\$ 42,516	\$ 25,888
Accrued Expenses	\$ 238,653	\$ 333,183
HST Payable	\$ 22,481	\$ 33,912
<b>Total Liabilities</b>	<b>\$ 82,321,198</b>	<b>\$ 73,484,244</b>
<b>Net Assets Attributable to Shareholders</b>	<b>\$ 162,910,190</b>	<b>\$ 173,505,208</b>
<b>Net Assets Attributable to Shareholders</b>		
Class A Shares	\$ 42,139,304	\$ 42,129,202
Class F Shares	\$ 112,701,092	\$ 123,541,065
Class N Shares	\$ 8,069,694	\$ 7,834,841
Common Shares	\$ 100	\$ 100
<b>Redeemable Shares Outstanding</b>		
Class A Shares	4,239,133	4,238,122
Class F Shares	11,275,538	12,359,535
Class N Shares	807,534	784,049
Common Shares	100	100
<b>Net Assets Attributable to Shareholders Per Share</b>		
Class A Shares	\$ 9.94	\$ 9.94
Class F Shares	\$ 10.00	\$ 10.00
Class N Shares	\$ 9.99	\$ 9.99
Common Shares	\$ 1.00	\$ 1.00

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

Approved by the Board of Directors

/s/ "Nick Kyprianou"

Nick Kyprianou

/s/ "Ali Jaffer"

Ali Jaffer

# RiverRock Mortgage Investment Corporation

## Statements of Comprehensive Income

For the years ended	June 30, 2025	June 30, 2024
<b>Revenue</b>		
Mortgage Interest Income	\$ 23,624,906	\$ 23,315,481
Other Revenue	\$ 73,145	\$ 335,224
<b>Total Revenue</b>	<b>\$ 23,698,051</b>	<b>\$ 23,650,705</b>
<b>Expenses</b>		
Loan Interest (Note 12)	\$ 4,129,747	\$ 4,942,185
Provision for Credit Loss (Note 4)	\$ 2,664,688	\$ 2,963,094
Management Fees (Note 5)	\$ 1,110,603	\$ -
HST Expense	\$ 929,466	\$ 921,236
Other Administrative Expenses	\$ 142,888	\$ 141,992
Legal and Audit Fees	\$ 124,786	\$ 114,788
<b>Total Expenses</b>	<b>\$ 9,102,178</b>	<b>\$ 9,083,295</b>
<b>Increase in Net Assets Attributable to Shareholders</b>	<b>\$ 14,595,873</b>	<b>\$ 14,567,410</b>
<b>Increase in Net Assets Attributable to Shareholders</b>		
Class A Shares	\$ 3,577,200	\$ 3,444,348
Class F Shares	\$ 10,445,844	\$ 10,466,645
Class N Shares	\$ 572,829	\$ 656,417
Common Shares	\$ -	\$ -
<b>Increase in Net Assets Attributable to Shareholders Per Share</b>		
Class A Shares	\$ 0.84	\$ 0.83
Class F Shares	\$ 0.93	\$ 0.85
Class N Shares	\$ 0.71	\$ 0.75
Common Shares	\$ -	\$ -

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

# RiverRock Mortgage Investment Corporation

## Statements of Cash Flows

For the years ended	June 30, 2025	June 30, 2024
Cash Flows from (used in) Operating Activities:		
Increase in Net Assets Attributable to Shareholders	\$ 14,595,873	\$ 14,567,410
<i>Items not affecting cash:</i>		
Expected Credit Loss	\$ (435,000)	\$ 1,004,199
<i>Changes in operating assets and liabilities:</i>		
Accrued Expenses	\$ (94,530)	\$ (483,212)
HST Payable	\$ (11,431)	\$ 20,181
Subscription Deposits	\$ -	\$ (100,000)
Mortgage Interest Receivable	\$ (182,134)	\$ (522,833)
Due to Related Parties	\$ (154,571)	\$ (346,481)
Accounts Receivable	\$ (26,208)	\$ 86,225
Management Fees Payable	\$ -	\$ (194,809)
Lending Fees Payable	\$ (14,714)	\$ 50,822
Unearned Mortgage Interest Revenue	\$ (464,699)	\$ 813,816
Mortgage Broker Fees Payable	\$ 16,628	\$ 6,851
Mortgage Statement Fees Payable	\$ (73,877)	\$ (10,187)
Prepaid Financing Expense	\$ -	\$ 5,599
Purchase of Mortgage Receivables	\$ (150,646,535)	\$ (135,933,402)
Repayment of Mortgage Receivables	\$ 151,819,588	\$ 130,788,776
<b>Net Cash Flows from (used in) Operating Activities:</b>	<b>\$ 14,328,390</b>	<b>\$ 9,752,955</b>
Cash Flows from (used in) Financing Activities:		
Proceeds from (Repayment of) Line of Credit, net	\$ 9,675,000	\$ (5,160,000)
Proceeds from Issuance of Shares	\$ 15,134,570	\$ 11,400,933
Share Redemptions (Note 6)	\$ (34,570,696)	\$ (21,370,124)
Distributions Paid to Shareholders (Note 6)	\$ (5,795,617)	\$ (5,545,350)
<b>Net Cash Flows from (used in) Financing Activities</b>	<b>\$ (15,556,743)</b>	<b>\$ (20,674,541)</b>
Net (Decrease) Increase in Cash	\$ (1,228,353)	\$ (10,921,586)
Cash, Beginning of Year	\$ 8,296,508	\$ 19,218,094
<b>Cash, End of Year</b>	<b>\$ 7,068,155</b>	<b>\$ 8,296,508</b>
Interest Received	\$ 23,442,772	\$ 22,792,647
Interest Paid	\$ 4,224,276	\$ 5,428,984

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

# RiverRock Mortgage Investment Corporation

## Statements of Net Assets Attributable to Shareholders

### Class A Shares

For the years ended	June 30, 2025	June 30, 2024
Net Assets Attributable to Shareholders, Beginning of Year	\$ 42,129,202	\$ 42,892,535
Share Transactions:		
Issuance of Shares	\$ 10,664,631	\$ 4,966,156
Redemption of Shares	\$ (10,654,529)	\$ (5,729,489)
	\$ 10,102	\$ (763,333)
Operations:		
Increase in Net Assets Attributable to Shareholders	\$ 3,577,200	\$ 3,444,348
Distributions to Shareholders:		
Investment Income Paid to Shareholders (Note 7)	\$ (3,577,200)	\$ (3,444,348)
Net Increase (Decrease) in Net Assets Attributable to Shareholders	\$ 10,102	\$ (763,333)
<b>Net Assets Attributable to Shareholders, End of Year</b>	<b>\$ 42,139,304</b>	<b>\$ 42,129,202</b>

### Class F Shares

For the years ended	June 30, 2025	June 30, 2024
Net Assets Attributable to Shareholders, Beginning of Year	\$ 123,541,065	\$ 122,739,436
Share Transactions:		
Issuance of Shares	\$ 11,696,094	\$ 14,314,991
Redemption of Shares	\$ (22,536,067)	\$ (13,513,362)
	\$ (10,839,973)	\$ 801,629
Operations:		
Increase in Net Assets Attributable to Shareholders	\$ 10,445,844	\$ 10,466,645
Distributions to Shareholders:		
Investment Income Paid to Shareholders (Note 7)	\$ (10,445,844)	\$ (10,466,645)
Net Increase (Decrease) in Net Assets Attributable to Shareholders	\$ (10,839,973)	\$ 801,629
<b>Net Assets Attributable to Shareholders, End of Year</b>	<b>\$ 112,701,092</b>	<b>\$ 123,541,065</b>

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

# RiverRock Mortgage Investment Corporation

## Statements of Net Assets Attributable to Shareholders

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### Class N Shares

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For the years ended	June 30, 2025	June 30, 2024
Net Assets Attributable to Shareholders, Beginning of Year	\$ 7,834,841	\$ 8,849,503
Share Transactions:		
Issuance of Shares	\$ 1,646,175	\$ 1,112,611
Redemption of Shares	\$ (1,411,322)	\$ (2,127,273)
	\$ 234,853	\$ (1,014,662)
Operations:		
Increase in Net Assets Attributable to Shareholders	\$ 572,829	\$ 656,417
Distributions to Shareholders:		
Investment Income Paid to Shareholders (Note 7)	\$ (572,829)	\$ (656,417)
Net Increase (Decrease) in Net Assets Attributable to Shareholders	\$ 234,853	\$ (1,014,662)
<b>Net Assets Attributable to Shareholders, End of Year</b>	<b>\$ 8,069,694</b>	<b>\$ 7,834,841</b>

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

# RiverRock Mortgage Investment Corporation

## Schedules of Investment Portfolio

As at June 30, 2025

Type of Mortgage	Weighted Average Yield	Number of Mortgages	Weighted Average Maturity	Weighted Average Loan-to-Value	Carrying Value	% of Portfolio
Uninsured First Mortgage	9.09%	309	17-Dec-25	71.21%	\$ 199,400,241	84.89%
Uninsured Second Mortgage	12.11%	174	30-Dec-25	67.58%	\$ 35,504,865	15.11%
<b>Total</b>	<b>9.55%</b>	<b>483</b>	<b>18-Dec-25</b>	<b>70.66%</b>	<b>\$ 234,905,106</b>	<b>100.00%</b>

As at June 30, 2024

Type of Mortgage	Weighted Average Yield	Number of Mortgages	Weighted Average Maturity	Weighted Average Loan-to-Value	Carrying Value	% of Portfolio
Uninsured First Mortgage	9.83%	309	14-Jan-25	70.36%	\$ 193,433,610	81.94%
Uninsured Second Mortgage	12.15%	224	3-Feb-25	67.37%	\$ 42,644,549	18.06%
<b>Total</b>	<b>10.25%</b>	<b>533</b>	<b>17-Jan-25</b>	<b>69.82%</b>	<b>\$ 236,078,159</b>	<b>100.00%</b>

### Schedule 1 - Year of Maturity

As at June 30, 2025

	Uninsured First Mortgage	Uninsured Second Mortgage	Total
2025	\$ 104,772,059	\$ 17,974,423	\$ 122,746,482
2026	\$ 94,628,182	\$ 17,530,442	\$ 112,158,624
<b>Total</b>	<b>\$ 199,400,241</b>	<b>\$ 35,504,865</b>	<b>\$ 234,905,106</b>

As at June 30, 2024

	Uninsured First Mortgage	Uninsured Second Mortgage	Total
2024	\$ 91,368,024	\$ 16,852,457	\$ 108,220,481
2025	\$ 102,065,586	\$ 25,792,092	\$ 127,857,678
<b>Total</b>	<b>\$ 193,433,610</b>	<b>\$ 42,644,549</b>	<b>\$ 236,078,159</b>

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

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 1. GENERAL INFORMATION

RiverRock Mortgage Investment Corporation (the “Corporation”) was incorporated under the Business Corporation Act (Ontario) on July 8, 2014. The registered address of the Corporation is 200 Bay Street, Suite 3120, Toronto, Ontario, M5J 2J1. RiverRock Management Inc., an affiliated company (the “Administrator”) is responsible for managing the affairs of the Corporation by providing origination and administration services, and presenting mortgage investment opportunities to the Corporation.

The Corporation invests in a diversified mortgage portfolio comprised primarily of single-family residential mortgage receivables. The financial statements are presented in Canadian dollars. These financial statements were authorized for issue by the Board of Directors on September 26, 2025.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of June 30, 2025.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The following summarize the material accounting policies of the Corporation:

### Classification and Measurement of Financial Assets and Liabilities

#### Mortgage Receivables

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

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

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

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

#### Other Assets and Liabilities

Mortgage interest receivable is recorded at amortized cost. Similarly, accounts payable and accrued liabilities, line of credit and distributions payable to shareholders are recorded at amortized cost. These assets and liabilities are short term in nature.

#### Impairment of Financial Assets

IFRS 9 requires the expected credit loss (“ECL”) model for impairment of financial assets measured at amortized cost.

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### Impairment of Financial Assets (Cont'd)

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The Corporation measures loss allowance using a three-stage approach based on the credit deterioration since origination:

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

### Cash

Cash is comprised of deposits with financial institutions.

### Interest Income

Interest income is accounted for using the effective interest method.

Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stage 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3.

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

### Income Taxes

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

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### Use of Estimates and Judgements

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

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

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

### Newly Adopted Accounting Policies

#### Amendments to IAS 1, Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and are unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also clarify the definition of "settlement" of a liability. The amendments are effective for annual periods beginning on January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. The Corporation has adopted the above policy effective July 1, 2024. There was no impact on the financial statements as a result of the amendment.

### Accounting Pronouncements Issued but not yet Effective

#### IFRS 18 - Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18, focusing on presentation and disclosure in financial statements. Key changes would impact the structure of the statements of comprehensive income and amendments to disclosure requirements for certain profit or loss performance measures. IFRS 18 will replace IAS 1, effective reporting period beginning on January 1, 2027. This will also impact comparative information at the point of adoption.

An assessment of the applicability of the new standard will be performed on the financial statements to which the pronouncement applies.

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### IFRS 9 Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

The Corporation is currently assessing the potential impact of adopting this standard.

## 4. MORTGAGE RECEIVABLES

For the years ended June 30, 2025 and June 30, 2024 all mortgage loans were originated in the Province of Ontario, Canada. As of June 30, 2025, there were 33 (2024 – 10) mortgages that are in default and 2 (2024 - 27) mortgages that are in arrears. The mortgage principal related to the mortgages in default is \$22,579,833 (2024 – \$7,612,340) and the mortgages in arrears is \$1,040,000 (2024 - \$21,553,311).

An analysis of the Corporation's Mortgage Receivables and related expected credit loss is as follows:

	<b>2025</b>		
	<u>Gross Amount</u>	<u>Expected Credit Loss</u>	<u>Carrying Amount</u>
Residential Mortgages	234,905,106	(705,000)	234,200,106

	<b>2024</b>		
	<u>Gross Amount</u>	<u>Expected Credit Loss</u>	<u>Carrying Amount</u>
Residential Mortgages	236,078,159	(1,140,000)	234,938,159

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

	<b>2025</b>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Mortgage Receivables (Gross)	211,285,273	1,040,000	22,579,833	234,905,106
Expected Credit Loss	-	-	(705,000)	(705,000)
Carrying amount	211,285,273	1,040,000	21,874,833	234,200,106

	<b>2024</b>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Mortgage Receivables (Gross)	206,912,508	21,553,311	7,612,340	236,078,159
Expected Credit Loss	-	(400,000)	(740,000)	(1,140,000)
Carrying amount	206,912,508	21,153,311	6,872,340	234,938,159

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 4. MORTGAGE RECEIVABLES (Cont'd)

The following table provides a reconciliation of the opening and closing balance of the Expected Credit Loss balance:

	2025	2024
Balance as at July 1	1,140,000	135,801
Provision for losses	2,664,688	2,963,094
Write offs	(3,099,688)	(1,958,895)
Balance as at June 30	<u>705,000</u>	<u>1,140,000</u>

## 5. RELATED PARTY TRANSACTIONS AND BALANCES

The Administrator receives monthly management fees based on the mortgages under administration held by the Corporation as of the end of each month. During the 2025 and 2024 fiscal years, the Administrator charged management fees equal to the sum of 1/12th of 2.25% for the mortgages under administration held by the Corporation as at the end of each month that were funded by Class N shareholder investments, 1/12th of 1.50% for the mortgages under administration held by the Corporation as at the end of each month that were funded by Class A shareholder investments, and 1/12th of 1.25% for the mortgages under administration held by the Corporation as at the end of each month that were funded by Class F shareholder investments, plus applicable taxes.

In connection with this arrangement, \$2,464,586 in management fees were incurred during the 2025 fiscal year (2024 - \$1,320,399). The Administrator forgave \$1,353,983 of management fees in the 2025 fiscal year (2024 - \$1,320,399). The Administrator did not forgive any other fees in the 2025 fiscal year (2024 - \$170,981). As of June 30, 2025, \$827,315 is due to RiverRock Management Inc. (2024 - \$981,886) for expenses paid on behalf of the Corporation and included within due to related parties on the statements of financial position.

There are 100 issued and outstanding Common Shares with voting rights with a par value of \$1 as of June 30, 2025 and 2024. These Common Shares are owned equally by the four principal officers of the Corporation. Each share entitles the owner to one vote per each one they own. The officers each paid \$25 for them upon issuance.

## 6. CAPITAL MANAGEMENT AND REDEEMABLE SHARES

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

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

The Corporation has entered into a line of credit in order to provide additional financing for mortgage receivables as required. For additional details refer to Note 11.

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 6. CAPITAL MANAGEMENT AND REDEEMABLE SHARES (Cont'd)

### Shares Authorized

The Corporation is authorized to issue an unlimited number of Class A, F, and N shares with a par value of \$10 and 100 Common Shares with a par value of \$1.

The holders of the Common Shares have the power to vote on all matters to be considered by the holders of Common Shares and each shareholder has one vote per share. The holders of the Common Shares are not entitled to receive dividends. The Common shares can be redeemed or repurchased for cancellation by the Corporation at Net Assets Attributable to Shareholders per share.

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

Class A, F, and N shares may be redeemed at the option of shareholders for all or any portion of his, her, or its Offered Shares on a Retraction Date, provided the shareholder has held such Offered Shares for a period of at least twelve (12) months. The hold period may be waived by the directors of the Corporation in their sole discretion. The amount payable by the Corporation in respect of each Offered Share shall be the Redemption Amount paid in Canadian dollars within two (2) calendar weeks following the applicable Retraction Date.

### Issued – Common Shares

The Corporation issued 100 Common Shares with a par value of \$1 to four shareholders as discussed in Note 4, who each own beneficially and of record approximately 25% of the issued and outstanding Common Shares of the Corporation. The Common Shares are held by officers of the Corporation. Since inception, there has been no change to the outstanding Common Shares of the Corporation.

### Issued – Non-Voting Common Shares

During 2025, the Corporation issued Class A, F, and N shares for net proceeds of \$24,006,900 (2024 - \$20,393,758), part of which relates to reinvested distributions as discussed in Note 7. During 2025, the Corporation paid \$34,601,918 to investors for the redemption of Class A, F, and N shares (2024 - \$21,370,124).

As of June 30, 2025, there are 4,239,133 Class A shares outstanding (2024— 4,238,122), 11,275,538 Class F shares outstanding (2024 — 12,359,535), and 807,534 Class N shares outstanding (2024— 784,049).

## 7. DISTRIBUTIONS TO SHAREHOLDERS

Distributions, as declared by the Corporation, are made on a monthly basis to Class A, F, and N shareholders of record on the last business day of each month. The distributions are payable by the last business day of the following month. For the 2025 fiscal year, the Corporation declared total distributions of \$0.84 per Class A share (2024 - \$0.83), \$0.93 per Class F share (2024 - \$0.85), and \$0.71 per Class N share (2024 - \$0.75) which amounted to \$14,595,873 (2024 - \$14,567,410). The distributions recorded as at June 30, 2025, consist of issuance of additional shares in the amount of \$8,841,108 (2024 - \$8,992,825) and cash distributions in amount of \$5,754,764 (2024 - \$5,574,585), out of which \$5,795,617 (2024 - \$5,545,350) was paid out in cash with the remaining being included in distributions payable. The cash distributions paid during the year include the prior year's final monthly distribution, which was disbursed in the current year.

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 8. MORTGAGE SERVICE FEES

The Corporation collects all mortgage service and ancillary fees from borrowers on behalf of the Administrator and remits the fees to the Administrator.

## 9. FINANCIAL INSTRUMENTS

### Financial Risk Management

The Corporation's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the mortgages held by the Corporation as at June 30, 2025, and groups the mortgages by type. Financial risks that are relevant to the Corporation are discussed below.

The Administrator attempts to minimize the potential adverse effects of these risks on the Corporation's performance through investments in a mortgage portfolio consisting primarily of single-family residential mortgages. To assist in managing risks, the Administrator also maintains a governance structure that oversees the Corporation's investment activities and monitors compliance with the Corporation's stated investment strategy and restrictions, internal guidelines, and securities regulations.

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

### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Corporation. The risk arises primarily from the mortgages held by the Corporation and also from cash and other assets. All of the Corporation's mortgage receivables are residential mortgages secured by real property located in Ontario, which include single family dwellings, duplexes, townhouses, condominium units, apartment buildings, land, or income producing property. Mortgage receivables originated by the Administrator are subject to an extensive mortgage approval process. Credit risk is also mitigated by: (i) the value of the property underlying a mortgage; (ii) the investment restrictions of the Corporation require that the average loan-to-value ("LTV") of the portfolio does not exceed 80% and no single mortgage may have an LTV of more than 80% at the time of funding. The Corporation's maximum credit risk exposure is represented by the carrying amounts of the assets.

### Liquidity Risk

Liquidity risk is the risk that the Corporation may not be able to settle or meet its obligations on time or at a reasonable price. The Corporation is exposed to liquidity risk through its quarterly retraction of Offered Shares subject to a twelve month hold period as well as fluctuations as a result of the timing of mortgage receivable funding. The Corporation does have the ability to reject or suspend retractions if the retraction would not be in the best interest of the Corporation. In addition, the Corporation shall not accept for retraction in any one calendar year, Offered Shares representing more than 10% of the total number of Offered Shares outstanding as of the first day of such calendar year. In the event that the number of Offered Shares tendered for retraction in respect of a Retraction Date exceeds the limit specified herein, the Offered Shares to be retracted shall be selected in the order in which the requests for retraction were received by the Corporation, as determined by the Corporation. The Corporation, in its sole discretion, may waive or vary the annual limit from time to time.

As at June 30, 2025, the Corporation had a cash position of \$7,068,155 (2024 - \$8,296,508), and an unused line of credit of \$31,485,000 (2024 - \$41,160,000) and the Corporation had gross mortgage receivables totaling \$234,905,106 (2024 - \$236,078,159), which substantially exceeded its total liabilities of \$83,321,198 (2024 - \$73,484,244).

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 9. FINANCIAL INSTRUMENTS (Cont'd)

### Interest Rate Risk

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

### Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from the aforementioned risks), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Corporation's investments are comprised of mortgages where the fair value of these investments fluctuates primarily in response to interest rate risks, rather than in response to general market conditions.

Because of these factors, a sensitivity analysis that would measure the impact on the Corporation's Net Assets from changes in the general level of market prices has not been provided as the Administrator believes this information would not be meaningful. The Administrator moderates this risk through careful selection and diversification of mortgages within the limits of the Corporation's investment objective and strategy.

## 10. FAIR VALUE DISCLOSURES

The Corporation's financial instruments recognized in the Statements of Financial Position consist of cash, mortgage receivables, mortgage interest receivable, line of credit, unearned mortgage interest revenue, subscription deposits, due to related parties, distributions payable to shareholders, and accounts payable. The fair values of these recognized financial instruments approximate their carrying values.

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

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

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

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

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

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

# RiverRock Mortgage Investment Corporation

Notes to the financial statements

For the years ended June 30, 2025 and 2024

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## 11. LINE OF CREDIT

The Corporation (the "Borrower") has a syndicated line of credit from the Royal Bank of Canada, Bank of Montreal, and The Toronto-Dominion Bank ("Lenders" collectively) for \$110,000,000. The line of credit is secured by a first ranking security interest in all property and assets of the Corporation. Prime rate loans bear interest at prime plus 0.85%. CORRA loans (1 and 3 month terms) bear interest at CORRA plus 2.10%. The Borrower shall pay to the Lenders a standby fee of 0.40% on the undrawn portion of the Credit Facility. The Borrower must always maintain an Interest Coverage Ratio greater than or equal to 3.0 (2024 – 3.0), and a Leverage Ratio less than 1.00 (2024 – 1.0). The Borrower was in compliance with all financial covenants as at June 30, 2025 and June 30, 2024. Financial covenants are determined on a consolidated four-quarter basis. The line of credit is also subject to several other Restrictive Covenants including a net redemption covenant which states net redemptions shall not exceed \$7,500,000 per fiscal quarter or 5% of the issued and outstanding redeemable shares as of the first day of each fiscal quarter and 20% annually, as of the first day of the fiscal year. For the quarter ended June 30, 2025, the Corporation exceeded the net share redemptions covenant of 5% of the prior quarter ending equity balance. The Corporation does not anticipate breaching this covenant in the future. As at June 30, 2025 there is \$78,515,000 owing on the line of credit (2024 - \$68,840,000). The final maturity date for the line of credit was August 5, 2025. On August 1, 2025, a waiver due to the breached covenant described above was granted, along with a renewal of the line of credit and the new maturity date is August 5, 2026.

## ITEM 15 - DATE AND CERTIFICATE

Dated the 28<sup>th</sup> day of October, 2025.

**This Offering Memorandum does not contain a misrepresentation.**

### RiverRock Mortgage Investment Corporation

*(signed) "Nicolaos Kyprianou"*

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Nicolaos Kyprianou  
President, Chief Executive Officer and  
Director

*(signed) "Alidina Jaffer"*

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Alidina Jaffer  
Chief Financial Officer and Director

*(signed) "David Guiney"*

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David Guiney  
Director

*(signed) "Phil Braginetz"*

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Phil Braginetz  
Director

### On behalf of RiverRock Management Inc. (in its capacity as promoter)

*(signed) "Nicolaos Kyprianou"*

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Nicolaos Kyprianou  
President, Chief Executive Officer and  
Director