

This Offering Memorandum is for the personal use only of those persons to whom we deliver a copy in connection with this Offering for purpose of evaluating the securities we are offering hereby. By accepting a copy of this Offering Memorandum, you agree that you will not transmit, reproduce or make available to anyone, other than your professional advisers or as required by law, this Offering Memorandum or any information contained herein. No person has been authorized to give any other information or to make any other representation concerning this Offering that is not contained in this Offering Memorandum. You should not rely on any such other information or representation. The delivery of this Offering Memorandum is not intended to constitute an offering of securities where it is unlawful to make an offering memorandum distribution under National Instrument 45-106.

NEW HAVEN MORTGAGE INCOME FUND (1) INC.



OFFERING MEMORANDUM

For Residents of Canada

Date: March 31, 2022

THE ISSUER

Name: NEW HAVEN MORTGAGE INCOME FUND (1) INC. (the “Fund”)

Head Office: 1220 Sheppard Ave. East, Suite 206
Toronto, Ontario, M2K 2S5
Tel. No: 1-866-996-8226
Fax No.: 1-866-784-6385
Webpage: www.newhavenmortgageincomefund.com

Currently Listed or Quoted? No. These securities do not trade on any exchange or market.

Reporting Issuer? No.

SEDAR Filer? No.

THE OFFERING

Securities Offered: Class “C” Preferred Shares of the Fund (“Class C Preferred Shares”) and/or Class “O” Preferred Shares of the Fund (“Class O Preferred Shares, and collectively with the Class C Preferred Shares, the “Offered Securities”).

Price Per Share: \$1.00 per Offered Security

Maximum Offering: Maximum offering of \$25,000,000 of Class C Preferred Shares and/or Class O Preferred Shares. **There is no minimum offering size. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

- Minimum Subscription Amount:** The minimum subscription amount is \$10,000 (10,000 Offered Securities). See **Section 5.2, “Investor Qualification and Minimum Subscription Amounts”**. There are also maximum investment limits in order to ensure that the Fund remains a “mortgage investment corporation” (“MIC”) for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) and its securities do not constitute a “prohibited investment” under the Tax Act, all as determined in the sole discretion of the Manager (as defined below).
- Payment Terms:** Certified cheque, bank draft or wire transfer for the full subscription amount payable to **New Haven Mortgage Income Fund (1) Inc.** accompanied by a fully completed Subscription Agreement, as more particularly described in **Section 5.3, Subscription Procedure**. Each transaction to complete the sale of an Offered Security is a “**Closing**”.
- Proposed Closing Dates:** The Offered Securities are being offered on a continuous basis subject to a maximum offering size of \$25,000,000 (25,000,000 Offered Securities). The first Closing of Offered Securities under this Offering Memorandum is expected to occur on or about April 1, 2022. Thereafter, the Fund intends to complete Closings on the 1st of each month or as such other times as determined at the sole discretion of the Fund.
- Tax Consequences:** **There are important tax consequences to these securities. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. See Item 6, “Income Tax Consequences”.**
- Selling Agents:** The Fund has engaged Integrated-Equities Inc. (“IEI”) to act as a non-exclusive placement agent to facilitate the completion of sale of the Offered Securities. See **Item 7, “Compensation Paid to Sellers and Finders”**.
- The Fund is a related and connected issuer of IEI and the Manager by virtue of their common influential securityholders and directors and officers, and by virtue of the role of the Manager in providing management and mortgage administration services as well as consulting and advisory services to the Fund and its compensation thereby. See Item 7, “Compensation Paid to Sellers and Finders - Conflicts of Interest”.**
- In addition, either the Fund or the Manager may retain and engage, either on an exclusive or non-exclusive basis, other registered agents, securities dealers and brokers and other eligible persons to sell the Offered Securities. See **Item 7, “Compensation Paid to Sellers and Finders”**.
- Resale Restrictions:** You will be restricted from selling your securities for an indefinite period. See **Item 10, “Resale Restrictions”**. **The Offered Securities do not trade on any exchange or market. There is currently no market through which the Offered Securities may be sold, and investors may not be able to resell such Offered Securities acquired pursuant to the Offering. See Item 8, “Risk Factors”.**
- Investor’s Rights:** If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel your agreement to purchase these securities. See **Item 11, “Investors’ Rights”**.

No securities regulatory authority 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 8, “Risk Factors”.

GENERAL DISCLAIMERS

This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the securities described herein. The securities are being offered in reliance upon exemptions from the registration and prospectus requirements set forth in applicable securities legislation.

The securities offered hereby have not and will not be registered under the *U.S. Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws. The securities may not be offered or sold in the United States or to U.S. persons, as defined in Regulation S under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States.

FORWARD-LOOKING INFORMATION

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. Forward-looking statements may be identified by the use of words like “believes”, “intends”, “expects”, “may”, “will”, “should” or “anticipates”, or the negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties. All forward-looking statements are based on the Fund’s current beliefs as well as assumptions made by and information currently available to the Fund and relate to, among other things, anticipated financial performance, prospects, strategies, the nature of the Fund’s operations, sources of income, forecasts of capital expenditures and the sources of the financing thereof, expectations regarding the ability of the Fund to raise capital, the Fund’s outlook, plans and objectives for future operations, forecast results, and anticipated financial performance.

The risks and uncertainties of the Fund’s activities, including those discussed under **Item 8, “Risk Factors”** could cause the Fund’s actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, the Fund bases forward-looking statements on assumptions about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, prospective investors should not place undue reliance on forward-looking statements and should be aware that events described in the forward-looking statements set out in this Offering Memorandum may not occur.

The Fund cannot assure prospective investors that its future results, levels of activity and achievements will occur as the Fund expects, and neither the Fund nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, the Fund assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CURRENCY

All dollar amounts stated in this Offering Memorandum are expressed in Canadian currency, except where otherwise indicated.

SCHEDULE

The following Schedule is attached to and forms a part of this Offering Memorandum:

Schedule “A” – Subscription Agreement

Schedule “B” – Enrolment Form for Dividend Reinvestment Plan

INTERPRETATION

In this Offering Memorandum, unless the context otherwise requires, when we use terms such as the “**Fund**”, the “**Issuer**”, “**we**”, “**us**” and “**our**”, we are referring to New Haven Mortgage Income Fund (1) Inc. and when we use the terms such as “**Investor**” or “**you**” we are referring to a person who purchases the Offered Securities under the Offering, thereupon becoming an investor in the Fund.

Words importing the singular number only, include the plural and vice versa, and words importing the masculine, feminine or neuter gender include the other genders.

DOCUMENTS INCORPORATED BY REFERENCE

In addition to and apart from this Offering Memorandum, the Fund may utilize certain marketing materials in connection with the Offering, including an executive summary of certain of the material set forth in this Offering Memorandum. This material may include fact sheets and investor sales promotion brochures, question and answer booklets, and presentations. All such marketing materials are specifically incorporated by reference into and form an integral part of this Offering Memorandum. All such marketing materials will be delivered or made reasonably available to a prospective purchaser by such prospective purchaser of the Offered Securities.

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.

TABLE OF CONTENTS

ITEM 1 : USE OF AVAILABLE FUNDS	1
1.1 Funds	1
1.2 Use of Available Funds	1
1.3 Reallocation	1
ITEM 2 : BUSINESS OF THE FUND	1
2.1 Structure	1
2.2 Our Business.....	3
2.3 Development of Business	11
2.4 Long-Term Objectives.....	12
2.5 Short-Term Objectives	13
2.6 Insufficient Funds	13
2.7 Material Agreements	13
ITEM 3 : DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	15
3.1 Compensation and Securities Held.....	15
3.2 Management Experience	16
3.3 Penalties, Sanctions and Bankruptcy.....	17
ITEM 4 : CAPITAL STRUCTURE.....	17
4.1 Share Capital	17
4.2 Long Term Debt	18
4.3 Prior Sales.....	19
ITEM 5 : SECURITIES OFFERED	20
5.1 Terms of Securities.....	20
5.2 Investor Qualification and Minimum Subscription Amounts	25
5.3 Subscription Procedure.....	26
ITEM 6 : INCOME TAX CONSEQUENCES	28
ITEM 7 : COMPENSATION PAID TO SELLERS AND FINDERS.....	34
ITEM 8 : RISK FACTORS.....	35
8.1 General	36
8.2 Investment Risk.....	36
8.3 Fund Risk and Manager Risk	38
8.4 Industry Risk	41
8.5 Risks Relating to the 2019 Novel Coronavirus	45
ITEM 9 : REPORTING OBLIGATIONS	45
ITEM 10 : RESALE RESTRICTIONS	47
ITEM 11 : INVESTORS' RIGHTS	47
ITEM 12 : FINANCIAL STATEMENTS	51
ITEM 13 : DATE AND CERTIFICATE OF THE ISSUER	C-1
SCHEDULE "A" SUBSCRIPTION AGREEMENT	SA-1
SCHEDULE "B" ENROLLMENT FORM FOR DIVIDEND REINVESTMENT PLAN	SB-1

ITEM 1 : USE OF AVAILABLE FUNDS

1.1 Funds

The net proceeds of the Offering and the funds that will be available to the Fund after the Offering is as follows:

		Assuming minimum offering	Assuming maximum offering
A	Amount to be raised by the Offering	\$0 ⁽¹⁾	\$25,000,000 ⁽²⁾
B	Selling commissions and fees	\$nil	\$75,000 ⁽³⁾
C	Estimated Offering costs (e.g., legal, accounting, audit, website, and printing)	\$nil	\$25,000
D	Net proceeds: $D = A - (B + C)$	\$nil	\$24,900,000
E	Working capital (or working capital deficiency) of the Fund ⁽⁴⁾	\$nil	\$100
F	Available funds: $F = D + E$	\$nil	\$24,900,100

Notes:

1. There is no minimum offering size.
2. After the first Closing under this Offering Memorandum, the Fund intends to complete Closings on the 1st of each month or as such other times as determined at the sole discretion of the Fund.
3. Pursuant to an amended and restated agency agreement dated October 28, 2022 between the Fund and Integrated-Equities Inc. (“IEI”), a registered exempt market dealer in the Provinces of Ontario and Saskatchewan, the Fund has engaged IEI to act as a non-exclusive placement agent to facilitate the completion of the sale of the Offered Securities. In consideration for its services, IEI charges the Fund work fees equal to \$20,000 per year, plus applicable taxes. Further, IEI is entitled to be reimbursed by the Fund for all referral fees payable by IEI and pre-approved and out of pocket expenses. See Item 7, “**Compensation Paid to Sellers and Finders**”.
4. As at the date of this Offering Memorandum.

1.2 Use of Available Funds

The Fund will use all available funds to develop the business of the Fund by investing in mortgage investments in accordance with the policies and guidelines set out under **Item 2, Business of the Fund**.

1.3 Reallocation

The Fund intends to spend the net proceeds as stated and will reallocate funds only for sound business reasons.

ITEM 2 : BUSINESS OF THE FUND

2.1 Structure

The Fund was incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on November 27, 2008 as New Haven Mortgage Income Fund (1) Inc. On each of February 5, 2009 and March 30, 2012, articles of amendment were filed amending certain rights, privileges, restrictions and conditions attaching to the Class “A” Preferred Shares of the Fund (“**Class A Preferred Shares**”) and providing for the creation and issuance of additional classes of preferred shares, including Class “B” Preferred Shares (“**Class B Preferred Shares**”), Class “C” Preferred Shares (“**Class C Preferred Shares**”) and Class “O” Preferred Shares (“**Class O Preferred Shares**”). On October 15, 2020, articles of amendment were filed attaching rights, privileges, restrictions and conditions to the Class O Preferred Shares.

The Fund’s fiscal year end is November 30.

The head office and the registered office of the Fund are located at 1220 Sheppard Avenue East, Suite 206, Toronto Ontario, M2K 2S5.

The Fund is not a reporting issuer or equivalent in any jurisdiction and its securities are not listed or posted on any stock exchange or market.

Recent Developments

The 2019 Novel Coronavirus

In December 2019, the 2019 Novel Coronavirus (“**Covid-19**”) surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and then characterized it as a pandemic on March 11, 2020. The outbreak has spread globally causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations, travel restrictions and social distancing in order to prevent or slow the spread of the virus. The Fund has taken measures to ensure that all of its directors, officers and employees are able to work remotely and maintain normal business functions. While these effects are expected to be temporary, the duration of business disruptions and related financial impact, as well as the timing of when and the extent to which normal and operating conditions are expected to resume, cannot be reasonably estimated at this time.

Despite the uncertainty surrounding Covid-19, the pandemic has not, to date, had a material negative impact on the Fund’s liquidity, and the Manager does not reasonably expect an increased risk of impairment in the value of the properties underlying the mortgages in the Fund’s mortgage portfolio. Nevertheless, the Manager will continue to monitor the Fund’s mortgage portfolio to assess the impact Covid-19 may have on it. The Fund will take any action as may be required by governmental authorities or deemed necessary by the Manager in response to Covid-19. However, there is no certainty that such measures will be sufficient to mitigate the risks posed by Covid-19 and the Fund’s ability to perform critical functions may be adversely impacted.

See also Section 8.5, “Risks Relating to the 2019 Novel Coronavirus”.

Amendments to Policies relating to Early Redemption and Holding Periods

Effective October 28, 2020, notwithstanding the articles of the Fund prohibiting a holder of Class C Preferred Shares (a “**Class C Preferred Shareholder**”) from redeeming his, her or its Class C Preferred Shares within 12 months of the initial subscription for such shares (the “**Holding Period**”), the board of directors of the Fund (the “**Board of Directors**”) adopted and approved a policy waiving the Holding Period and accordingly, assuming all other conditions to redemption have been properly met in accordance with applicable laws and the articles of the Fund, the Class C Preferred Shares may be redeemed during the Holding Period. The Holding Period does not apply to the Class O Preferred Shares.

Effective October 28, 2020, the Board of Directors resolved to terminate and repeal the Fund’s early redemption fee policy enacted September 26, 2017, which policy required Class C Preferred Shareholders seeking to redeem their Class C Preferred Shares within the Holding Period to pay an early redemption fee of 2% of the Redemption Price (as such term is defined in the Fund’s articles), unless waived in the sole discretion of the Board of Directors. Accordingly, effective October 28, 2020, there shall be no early redemption fees charged for the Class C Preferred Shares or the Class O Preferred Shares. **See Section 5.1, “Terms of Securities - Redemption at the Option of the Holder”.**

Industry Overview

The market in which the Fund operates is referred to as the “alternative mortgage market”. Servicing the alternative mortgage market is an attractive opportunity for non-bank lenders as this market has developed over the past several years. Most institutional lenders are not in this segment of the mortgage market.

Alternative borrowers are loosely defined as borrowers who don’t meet the “credit-quality” standards set by traditional mortgage lenders and insurers to qualify for conventional mortgages. Alternative borrowers may include new Canadians who have little or no established credit history; self-employed small business owners who have fluctuating income; people with bad credit or no credit at all; and persons who have had a history of good credit but for reasons such as illness or loss of employment have experienced temporary credit problems causing them to go into arrears with their credit obligations.

2.2 Our Business

The Fund currently qualifies as a MIC. This effectively enables the Fund to operate as a tax-free “flow through” conduit of profit to its shareholders, since it does not pay income taxes on net earnings at the corporate level from which dividends are paid. This allows holders of the Offered Securities to receive tax-efficient income from the Fund.

The Fund’s business objective is to obtain a secure stream of income by optimizing its investment portfolio within the MIC criteria mandated by the Tax Act. In order to maintain its status as a MIC, the Fund will endeavour to meet the criteria required by the Tax Act, including the requirement to invest at least 50% of its assets in residential mortgages and deposits with the Canada Deposit Insurance Corporation (“**CDIC**”) insured institutions or credit unions. The Tax Act’s MIC criteria are discussed in **Item 6, Tax Consequences**.

Effective November 27, 2008, the Fund appointed each of New Haven Mortgage Corporation (the “**Manager**”) and New Haven Treasury Management Inc. to provide the Fund with management and mortgage administration services, and consulting and advisory services, respectively. Effective April 2, 2019, the Amended and Restated Management and Advisory Services Agreement between the Fund and New Haven Treasury Management Inc. dated October 30, 2015 was terminated. Effective the same date, the Fund and the Manager entered into an exclusive management agreement dated April 2, 2019 (the “**Management Agreement**”), which Management Agreement supersedes the Amended and Restated Mortgage Servicing Agreement between the Fund and the Manager dated October 30, 2015. Under the Management Agreement, the Manager will continue to provide to the Fund management and mortgage administration services and will also provide certain consulting and advisory services including those previously provided by New Haven Treasury Management Inc. **See Section 2.7, “Material Agreements”**.

The Manager has many years of combined experience (either itself or through its personnel) in the real estate and mortgage industry as mortgage administrators, mortgage brokers and investors. The Manager was formed in 1994 by David Vyner and Jason Vyner and commenced business in 2004. Since that time, the Manager has grown from a two-man operation to an organization that currently has 39 employees many of which have numerous years of experience in the industry providing mortgage administration services, including underwriting, administration and collection. The Manager currently has approximately \$150 million of mortgages under management inclusive of the Fund’s portfolio. In addition to the Fund, the Manager administers third-party mortgages of approximately \$45 million. These qualifications and this experience put the Manager in an advantageous position to provide mortgage management, administrative, advisory, consulting, development, mortgage brokerage and financing services to the

Fund. The Manager's personnel also have wide networks of established relationships with experienced mortgage brokers and agents, as well as with owners, builders, developers and others active in the real estate industry. The Fund believes the Manager is qualified to locate and recommend investment opportunities for the Fund.

The following licence has been granted by the Financial Services Commission of Ontario to the Manager and its officers and directors effective since December 2019:

Arjun Saraf (Vice President of Finance and Principal Broker) License No. M17002780

The Fund does not actively employ resources to seek or originate mortgages for investment but instead relies on the expertise of the Manager for a regular flow of investment opportunities. The Fund's primary business is earning income through investing in residential first, second and in some cases, third mortgages. The Fund may also invest in commercial mortgages on a case-by-case basis. As discussed above, 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 which market is collectively referred to as the "alternative mortgage market". Short-term mortgage financing is a continuing need of individuals, builders and real estate developers, and, because of their need for flexibility and quick response, they often require the services of private lenders and organizations such as the Fund. The Fund's primary revenue source will be interest payments received on its mortgage investments. The mortgage portfolio may in some cases generate additional remuneration for the Fund by way of interest bonuses for early prepayment by the borrower.

As a general rule, all mortgages held by the Fund will be registered in its name. However, the Fund may also hold an interest in syndicated mortgages in which case legal title to the Fund's interest in such syndicated mortgages may be held in trust for the Fund. When the Fund's interest is held in trust, the trust arrangements must be approved by the Manager, and any trust document must be satisfactory to the Fund's legal counsel.

The Fund may also enter into agreements with third party institutions and other non-bank lenders which may or may not be related or associated with the Manager whereby the Fund will hold a senior or a subordinate position in individual mortgages. The Fund's subordinate position may be subordinated to that of the Manager or a related or associated party. For so doing, the Fund will normally receive a premium return. This is accomplished by the senior lender receiving a lower rate of return to reflect its lower risk position. The Board of Directors believes that subordinated lending is an effective risk/return strategy as these mortgages would have been funded in any event by the Fund. If on the other hand the Fund takes a senior position, the Fund will receive a lower rate of return in comparison to the lenders who occupy the subordinated position, reflecting the lower loan-to-value risk assumed by the Fund.

The Manager or any of its officers, shareholders, employees or affiliates, may purchase with their own funds, and own as a co-lender or co-investor, a percentage interest in any investment that the Manager presents to the Fund for acquisition, and the Manager may also sell undivided percentage interests in such investments to the other co-lenders.

Syndicated mortgages may initially be funded by the Fund at a specified interest rate, and subsequently a portion of the mortgage may be syndicated to a financial institution or other lender sourced by the Manager. For a syndicated loan, the Fund may lend in a prior ranking security position (a senior lender), an equally ranking position (*pari passu*) or in a subordinate position (a junior lender).

In general terms, the rate of return will vary depending on the relative priority position:

- prior ranking (a senior investor) – lower loan-to-value, lower risk, lower return
- equal ranking (*pari passu*) – all members of the syndicate assume the same loan-to-value, equal risk and equal return
- subordinate ranking (a junior investor) – higher loan-to-value, higher risk, higher rate of return.

The Fund uses the subscription proceeds from each class of Preferred Shares to acquire and allocate to the respective class of Preferred Shares a discrete pool of mortgages. The Fund can advance mortgages for up to 80% of the appraised value of a property. However, as a general guideline, the Fund’s mortgages do not exceed 75% loan to value (sometimes referred to herein as “LTV”). Further, in the case of the pool of mortgages allocated to the Class O Preferred Shares, such mortgages shall not exceed 55% LTV. No more than 20% of the net assets of the Fund will consist of mortgages in which the LTV is in excess of 75% (and will in all cases not exceed 80%).

Investment Strategy

The investment goal is to make prudent investments in first, second and in some cases, third mortgages against real property located in Ontario. In certain circumstances, the Fund may invest in a third mortgage against property under which the first and the second mortgages have been provided by a bank, a trust company or a credit union. The Manager will, on behalf of the Fund, originate, underwrite, adjudicate, service and administer each loan, and the Manager will provide advisory and management services. The Manager has implemented an investment strategy to minimize the risk of investing in mortgages which strategy has been developed and utilized over the last 30 plus years by the principals thereof and is described herein. Although future returns cannot be guaranteed, the Manager’s experience suggests, and the Fund’s objective is, to produce a return on equity in excess of: (i) 400 basis points over the average one-year Government of Canada Treasury bill yields for the holders of Class A Preferred Shares and Class C Preferred Shares; and (ii) 200 basis points over the average one-year Government of Canada Treasury bill yields for holders of Class O Preferred Shares. **There is no assurance of any return on an investor’s investment. See Section 8.2, “Investment Risk - No Guaranteed Return”.**

In considering a mortgage proposal, the Manager adheres to strict investment and operating policies which include:

- obtaining a credit application from all potential borrowers;
- obtaining a credit report on both the borrowers and any guarantor(s);
- obtaining an appraisal prepared by an accredited appraiser in Ontario with the designations of C.R.A. or A.A.C.I., or their successors, or in the alternative from time to time the Manager may rely upon an opinion of value furnished by a reputable realtor who may be equally or better equipped to provide an accurate evaluation of a particular property as a consequence of specialized expertise relating to that particular type of property or with respect to the particular geographic area in which the subject property is located; and
- obtaining such other information and/or opinions of value as the Manager deem appropriate in the circumstances to allow them to make an accurate assessment of value with respect to any particular property.

The appraised value need not be on an “as-is” basis and may be based on stated conditions, including without limitations, completion, rehabilitation, or sale and/or lease-out of improvements of the real property in the case of construction or renovation loans.

The investment strategy of the Manager is to invest in first and second and in some cases, third mortgages, secured against properties located in cities, towns, villages, hamlets and rural routes, where the borrowers and their financing needs are for the most part not being met by institutional lenders. The Manager concentrates its resources on niches in the mortgage market that have been created by:

- standardization of institutional mortgage underwriting;
- stringent income or credit requirements being imposed by Canadian institutional lenders.

The criteria for qualification in this ‘niche’ mortgage market focuses principally on the value and quality of the real estate being offered as security (the LTV ratio) but also takes into consideration the exit strategy, and to a lesser degree, the borrower’s credit score. To maintain a stable interest yield on the mortgage portfolio, the Manager manages risk through the maintenance of appropriate diversification, the application of consistent and prudent underwriting criteria, and diligent and proactive mortgage servicing.

When deemed necessary and where appropriate, the Manager will establish and manage property tax and/or condominium maintenance escrow accounts in respect of the real property provided as security for the Fund’s mortgage investments.

The Manager intends to create a loan loss reserve account over time from earnings realized over and above amounts paid out as monthly dividends. The funds in this account from an accounting point of view will have been taken as an expense by the Fund in a prior fiscal period in anticipation that losses may be realized on the mortgage portfolio in the future. The size of this account relative to the overall size of the mortgage portfolio will be determined in the Manager’s sole and unfettered discretion.

Investment and Operations Policies

In summary form, the Manager intends to follow the guidelines below in assessing individual mortgage investment opportunities:

- 100% of the Fund’s invested capital is to be invested in 1st, 2nd and, in certain cases, 3rd mortgages to be registered against real property located in Canada;
- no greater than 10% of the Fund’s capital to be invested with any one borrower;
- no greater than 10% of the Fund’s capital to be invested in any single mortgage investment;
- when not invested in mortgages, excess funds will be placed in CDIC insured investments including investments guaranteed by the Government of Canada, a province or territory of Canada, or interest-bearing cash deposits, deposit notes, certificates of deposit notes, certificates of deposit acceptance notes or other similar instrument issued, endorsed or guaranteed by a schedule 1 or schedule 2 Canadian chartered bank;
- repayment schedules will consist primarily of 15 to 40-year amortization periods and interest-only mortgages, paid monthly;

- although the term of any single mortgage may be longer, mortgages will generally be written for terms of two (2) years or less;
- mortgage investments will be denominated in Canadian Dollars;
- mortgages will be syndicated when it is deemed appropriate to minimize risk;
- no mortgage allocated to the Class O Preferred Shares shall exceed 55% LTV and in all cases none of the Fund's mortgages shall exceed 80% LTV;
- no more than 20% of the net assets of the Fund will consist of mortgages in which the LTV is in excess of 75%;
- collateral mortgages in second and third position will not be included in the computation of the 80% LTV lending threshold;
- any loan advances representing in excess of 75% LTV shall be on select real estate in select locations; and
- the Fund shall not invest for the purposes of exercising control over management of any company or other entity.

Construction and major rehabilitation loans are funded after receipt and review of an appraisal based on the "as-is" and "completed value" of the property. The loan is advanced in progress draws as predetermined by the Manager and agreed to by the borrower. Prior to each loan advance, the property is re-inspected by an appraiser who will provide a written detailed progress report. In addition, all construction loans will be funded in compliance with the *Construction Lien Act* of Ontario and are subject to the approval process otherwise required in connection with the Fund's investments as outlined above.

The maximum LTV for any particular mortgage investment will vary depending on a number of factors including the location and marketability of the property, and the condition of the property. In any event, the Fund will not lend greater than 80% of the value of a particular property as established by appraisal or opinion of value (or 55% of the value of a particular property as established by appraisal or opinion of value in the case of mortgages allocated to the Class O Preferred Shares).

In order to renew or extend a mortgage loan, the Fund may increase the loan amount to cover, among other items, renewal fees, extension fees, or legal fees, so long as any increase in the amount of the loan does not result in the total loan amount exceeding 80% of the original valuation of the property (or 55% of the original valuation of the property in the case of mortgages allocated to the Class O Preferred Shares).

Except for any obligations owing under the Management Agreement or as otherwise approved by the Board of Directors in exceptional circumstances, the Fund shall not enter into any transaction (i) between the Fund and any person not dealing at arm's length with the Fund or the Manager or their respective directors, officers, employees or shareholders or (ii) for the benefit of any person not dealing at arm's length with the Fund or the Manager or any their respective directors, officers, employees or shareholders. For greater certainty, loans will not be made to any person not dealing at arm's length with the Fund or Manager or their respective directors, officers, employees or shareholders.

Notwithstanding any LTV limits stated herein or other general underwriting criteria outlined above, for risk management purposes only, the Fund may increase a given investment of the Fund's capital in order

to remedy the default by a borrower of its obligations in respect of a prior ranking security, or to satisfy the indebtedness secured by a prior ranking security, or for any other reason if such action is required to protect the Fund's security position in a particular investment provided such proposed increases in the Fund's investment are approved by the Manager.

The following lists the types of properties that the Fund intends to accept as security:

- residential detached and semi-detached homes;
- residential townhouse or high-rise condominiums;
- cottages and recreational property;
- properties where funds will be used to renovate an existing building or construct a new building;
- multi-family residential apartments and complexes;
- mixed-use properties;
- industrial and commercial properties including condominium properties; and
- serviced and unserviced land, acreage and building lots.

Management Fees and Expenses

The Manager will be responsible for the employment expenses of their personnel, including but not limited to, salaries, employee benefit plans, temporary help expenses, costs associated with the sourcing and arranging of eligible investments for presentation to the Fund, rent, telephone, utilities, office furniture and supplies, equipment and machinery and other office expenses relating to the performance of the Manager's duties and obligations under the Management Agreement.

The Fund is responsible for its own operating expenses including but not limited to its legal, audit and other professional fees, costs and expenses of shareholder recordkeeping and of reporting to shareholders, banking fees and interest charges and other costs and expenses which the Fund is not able to recover from borrowers. In addition, the Fund may engage in marketing activity to identify additional investors from time to time which marketing costs will be borne by the Fund. The costs pertaining to marketing and distribution will be reasonable and economical so as to not produce a major adverse effect on the yield of the investment pool. The Manager strongly believes that by increasing the size of the Fund, the overall risk of the loan portfolio is greatly reduced, which significantly reduces the investment risk to each individual investor.

The Fund will pay the following amounts to the Manager under the terms of the Management Agreement:

1. In respect of the Manager's mortgage servicing and administrative function, and consulting and advisory services, an annual fee equal to 1.50% of the total value of funds under management as of the last day of each month calculated on a monthly basis and paid to the Manager on the last day of each month. For greater certainty, the term "funds under management" means the actual value of the mortgage portfolio held by the Fund as of the first day of each month.
2. The Manager will also be paid all fees charged to mortgagors on account of mortgage servicing and enforcement work done by the Manager as provided by the terms of the mortgages held by

the Fund. Such fees may include, without limitation, commitment fees, application fees, due diligence fees, legal transaction fees, discharge fees, mortgage servicing fees, mortgage renewal fees, and other similar fees. These fees are added to the balance outstanding under the mortgage and must be repaid by the borrower to the Fund to obtain a discharge of the mortgage. However, it is possible that not all such fees which have accrued under the terms of the mortgage and are secured by the mortgage will be recovered if the property must be sold under power of sale. This situation happens infrequently but should it occur, any unpaid fees would constitute amounts recoverable from the Fund.

3. The Manager is responsible for originating and underwriting all mortgage investment opportunities for the Fund. In consideration for these services, it will charge a fee to the borrower (or in some cases more than one fee if additional work is required to be done in closing the transaction), which fees are paid by the borrower from the mortgage proceeds and must be repaid by the borrower to obtain a discharge of the mortgage. The Manager determines the amount of fees to be charged to the borrower. In some instances, the Fund may agree to participate in a loan with little or no fees payable for mortgage commitment, brokerage, renewal or extension and such fees may be included in the interest payments payable to the Fund. Accordingly, in appropriate circumstances, the Manager is entitled to recover its reasonable fees from the Fund in respect of such services.
4. The Manager will also be paid an annual performance fee equal to 50% of the net return earned by the Fund over and above 10% per annum of the paid-up capital of the Fund after all expenses including all compensation payable pursuant to the Management Agreement.

For the fiscal years ended December 31, 2020 and December 31, 2021, the Manager was paid \$1,203,585 and \$1,392,634, respectively.

The Manager may utilize the professional services of either “in-house” or third-party legal counsel and paralegals to effect the Fund’s mortgage transactions and to carry out enforcement work. The Manager, their affiliates and related parties may provide certain incidental services such as title searches, execution searches, obtaining tax certificates, arranging insurance and similar services. Such costs and expenses are borne by the borrower as part of the legal expenses of the transaction. The Manager has an efficient, streamlined process which enables fast and cost-efficient processing, which the Fund considers to be a competitive advantage.

The Manager may employ from time to time the services of a related property management company to engage in dealing with the default and distress real estate situations the Fund may encounter. Remuneration may be paid to such property manager separate and distinct of any administration or services fees paid to the Manager, which property management fees are usually paid from the proceeds of sale of any property under enforcement or the proceeds of any refinance. To the extent that the proceeds of sale are not sufficient to cover such accrued fees, any unpaid balance will constitute a liability of the Fund.

The Manager may appoint from time to time a licensed realtor related to the Manager (including Andrea Vynner who is a director and officer of the Fund and owns 25% of the voting securities of the Fund and is also a director, officer and controlling shareholder of the Manager) in the event a property must be listed for sale to realize on the Fund’s mortgage loan investment. The realtor may earn sales commission, consulting fees, inspection fees, referral fees and other similar fees.

The Fund’s Borrowing Strategy

Section 130.1 of the Tax Act authorizes a MIC to borrow funds and leverage its capital in certain ratios related to the type of assets held. Provided one-half of a MIC’s assets comprise a combination of

residential mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of three times the amount of its assets. Provided two-thirds of a MIC's assets comprise a combination of residential mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of five times the amount of its assets.

The Fund believes that this leverage opportunity can be integral to its dividend performance, and the Fund may maximize its leverage opportunity under the Tax Act. The Fund may borrow funds whenever funds are available provided it is economical and prudent to do so. This leverage when utilized will allow the Fund to remain fully invested to the extent possible. As funds are received from new investors or mortgages in the Fund, the debt will be paid down pending the availability of new investment opportunities. At or around the inception of the Fund, the Board of Directors determined as a policy that a very conservative level of debt is equal to 25% of the paid-up capital of the Fund and over the long term the objective was to not exceed this level. Since inception of the Fund to the date hereof, the Fund has never exceeded the aforementioned debt level. Nevertheless, in part due to increased debt recently being made available to the Fund (see Section 4.2, "Long Term Debt"), the Board of Directors determined on the date hereof that it would be best interests of the Fund to terminate and repeal this policy and approve and adopt a new policy of the Fund that there shall be no limits on the Fund's level of debt other than as may apply to the Fund as a 'mortgage investment corporation' under the Tax Act.

See Section 2.7, "Material Agreements – Loan Agreement".

Compliance with Income Tax Act

As a MIC under the Tax Act, the Fund is entitled to deduct from its income the amount of taxable dividends it pays to its shareholders. The Fund's constating documents require it to pay out as dividends substantially all of its net income every year, and as a result the Fund anticipates that it will not be liable to pay income tax in any year. The Fund operates as a tax-efficient conduit of profit to its shareholders. Refer to **Item 6, Income Tax Consequences**.

The Tax Act's MIC criteria permit revenue sources other than residential mortgages, including among other things equity investments in real estate, investments in stocks and securities of Canadian companies, and mortgage lending in respect of commercial real estate. Notwithstanding its ability to invest in the array of investments allowed under the Tax Act, it is the Fund's policy to invest its non-CDIC-insured holdings in mortgages secured by real estate located in Canada, primarily residential real property. A MIC's only permitted undertaking under the Tax Act criteria is the investing of its funds, and it is specifically prohibited from managing or developing real property.

Problem Identification and Rectification Experience

The Fund intends to minimize risks associated with defaulting mortgages through diligent application of standards for monitoring the Fund's mortgage portfolio. Any and all defaults are immediately dealt with by following effective enforcement procedures to their conclusion where necessary.

The Manager currently utilizes a very timely and effective default management and recovery program which includes but is not limited to the following:

- implementing enforcement proceedings following default under the terms of the mortgage;
- issuing demand letters;
- performing numerous property inspections starting usually 15 days following notification of default; and

- commencing enforcement proceedings in a timely fashion to ensure the security for the loan is realized as soon as possible, or in the alternative assisting the borrower to obtain alternative financing as soon as possible.

2.3 Development of Business

The Fund was incorporated on November 27, 2008 and has been in operation since December 1, 2008. The Fund's activities are limited to investing the net proceeds of the Offering in mortgage investments in accordance with the policies and guidelines set out under **Section 2.2, Our Business**. The Fund began soliciting interest from potential investors to invest in the Preferred Shares on December 1, 2008.

From the commencement of operations to February 28, 2022, the Fund has funded 2,250 mortgages representing an aggregate principal amount of \$420,291,685. Over the same period, loan loss expense and impaired loan provisions totalled \$1,309,115 (determined in accordance with the International Financial Reporting Standards), representing 0.31% of all loans advanced.

As at February 28, 2022, the Fund's investment in mortgages was \$108,571,799.26 net of allowance for loan loss in the amount of \$298,136. As at February 28, 2022, 477 individual mortgages were held by the Fund with an average loan size of \$227,613.83 and a weighted average loan to value ratio of 65.39%. The annualized dividend yield (net of all fees and expenses) to holders of Class A Preferred Shares and Class C Preferred Shares for the fiscal year ended November 30, 2020 was 7.42%, for the fiscal year ended November 30, 2021 was 7.39%, and for the period commencing December 1, 2021 and ending February 28, 2022 was 7.37%. The annualized dividend yield (net of all fees and expenses) to holders of Class O Preferred Shares for the fiscal year ended November 30, 2021 was 5.50% and for the period commencing December 1, 2021 and ending February 28, 2022 was 5.50%%.

The rate of return the Fund will earn from its mortgage investments will fluctuate with prevailing market demand for short-term mortgage financing. In most cases the Fund's mortgage investments will not meet financing criteria for conventional mortgages from institutional sources, and as a result these investments generally earn a higher rate of return than that normally attainable from conventional mortgage investments. The Manager attempts to minimize risk by following a diversification strategy. The Fund's policy is to pay out monthly dividends to holders of its Preferred Shares.

The following tables illustrate the characteristics of the Fund's mortgage portfolio as at February 28, 2022 in terms of mortgage rank, property type, location of the underlying real estate security, LTV ratio and proportion of the portfolio that is non-performing. Note that the information contained in the tables below is unaudited.

<i>Portfolio Allocation – Property Types</i>		
Residential: 1 st Mortgages ⁽¹⁾	\$66,850,806.57	61.57%
Residential: 2 nd Mortgages	\$34,057,986.75	31.37%
Commercial: 1 st Mortgages	\$7,132,337.04	6.57%
Commercial: 2 nd Mortgages	\$530,668.90	0.49%
Total	\$108,571,799.26	100.00%

Note:

1. Included in the 271 residential first mortgages are 157 syndicated mortgages, 23 of which the Fund is a senior lender with a value of \$6,262,180 and 134 of which the Fund is a junior lender with a value of \$22,558,327. None of the other participants of these syndicated mortgages are related to the Fund or the Manager. Further, none of the residential second mortgages or commercial mortgages of the Fund are syndicated. See **Section 2.2 “Our Business” and Section 8.3, “Fund Risk and Manager Risk - Higher Risk Loans”**.

<i>Property Allocation – Rank</i>			<i>Portfolio Allocation – Location</i>		
First Mortgages	\$73,983,143.61	68.14%	The Greater Toronto Area	\$39,603,196.87	36.48%
Second Mortgages	\$34,588,655.65	31.86%	Other Areas in Ontario	\$68,968,602.39	63.52%
Total	\$108,571,799.26	100.00%	Total	\$108,571,799.26	100.00%

First Mortgages	Principal (\$)	Net LTV (%)	# of Mtgs.	Portfolio (%)
Commercial	\$7,132,337.04	7.49%	11	2.31%
Residential	\$66,850,806.57	63.83%	271	56.81%
\$Total Firsts	\$73,983,143.61		282	59.12%

Second Mortgages	Principal (\$)	Net LTV (%)	# of Mtgs.	Portfolio (%)
Commercial	\$530,668.90	56.80%	5	1.05%
Residential	\$34,057,986.75	34.30%	190	39.83%
Total Seconds	\$34,588,655.65		195	40.88%

# of Non-performing mortgages ^{(1) (2)}	8
% of # of Portfolio Mortgages	1.68%
Principal - Non-performing mortgages	\$1,748,252.63
% of Portfolio value	1.61%
# of Impaired ⁽¹⁾ mortgages (loss expected)	nil

Notes:

1. Non-performing mortgages are to be distinguished from impaired loans where the Fund expects a loss on disposal.
2. The Manager held on behalf of and in trust for the Fund a mortgage in the amount of \$1,770,000 (the “**Mortgage**”) against the property municipally known as 21 Elderwood Drive in Richmond Hill, Ontario (the “**Mortgaged Property**”). On July 5, 2019, the Manager issued a statement of claim (the “**Manager Claim**”) for possession of the Mortgaged Property, alleging default of the Mortgage. However, the Manager was not able to proceed with enforcement and a power of sale due to ongoing litigation with respect to the Mortgaged Property. On August 2, 2019, a statement of claim (the “**Borrower Claim**”) was filed with the Ontario Superior Court of Justice against a number of parties, including the Manager (but not the Fund). Among other things, the plaintiffs sought to have the Mortgage declared void and of no force and effect as well as an order that the Mortgage be discharged. The plaintiffs also sought general damages of \$5,000,000 from various defendants collectively, including the Manager. The Manager filed a motion to dismiss the Borrower Claim. On November 4, 2021, a mutual full and final release was entered into whereby the plaintiffs released the Manager for damages and losses allegedly sustained pursuant to the Borrower Claim and the Manager released the plaintiffs for damages and losses allegedly sustained pursuant to the Manager Claim. The Manager recovered all of the principal owing under the Mortgage but agreed to forgive any additional interest or other payments owing under the Mortgage.

2.4 Long-Term Objectives

Over the long term, the Fund intends to continue to qualify as a MIC, raise investment capital, and invest substantially all its capital in mortgages secured against real property located in Ontario. Preferred Shares are issued to investors on or about the first (1st) day of the month following the date on which a duly completed subscription accompanied by payment is received. In the event a suitable mortgage investment is not readily available at the time new subscriptions are accepted by the Fund, the Fund will invest in a CDIC-insured deposit(s) at the Fund’s chartered bank. Management believes that the deal flow generated

by the Manager will make it likely that suitable investments will be readily available so as to deploy the Fund’s investment capital on a timely basis.

2.5 Short-Term Objectives

The Fund’s objectives for the next 12 months are to complete this Offering and to invest funds raised in mortgage investments in accordance with the policies and guidelines set out under **Section 2.2, Our Business** and to continue paying monthly dividends to its shareholders. However, the Fund’s business plan is not dependant on placement of the full amount of the Offering. The amount of \$25,000,000 is simply a target. The Fund anticipates that whatever funds are raised will be sufficient for the Fund to continue implementing its business plan.

The following table outlines the costs associated with the achievement of the Fund’s short-term objectives:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raising of funds under the Offering and investing net proceeds into mortgage investments in accordance with the Fund’s policies and guidelines	Ongoing throughout the next 12 months	The costs of this Offering which are estimated to be \$25,000.

2.6 Insufficient Funds

The Fund will only invest amounts available to it raised under this Offering and otherwise. The proceeds of this Offering may not be sufficient to accomplish all of the Fund’s proposed objectives. There can be no assurance that alternative financing will be available.

2.7 Material Agreements

The Fund is currently a party to the following material agreements:

Management Agreement

The Fund and the Manager entered into an Amended and Restated Mortgage Servicing Agreement dated October 30, 2015. Immediately following the termination of the Management and Advisory Services Agreement between the Fund and New Haven Treasury Management Inc. on April 2, 2019, the Fund and the Manager entered into an exclusive Management Agreement dated April 2, 2019, which Management Agreement supersedes the Amended and Restated Mortgage Servicing Agreement and pursuant to which the Manager will continue to provide to the Fund management and mortgage administration services and will also provide certain consulting and advisory services including those previously provided by New Haven Treasury Management Inc.

The Manager and the Fund are “related” companies. Andrea Vyner and Jason Vyner are the controlling shareholders of the Manager, and both Jason Vyner and Andrea Vyner are also directors and officers of the Manager. Andrea Vyner and Jason Vyner each own 25% of the outstanding common shares of the Fund (the “**Common Shares**”) and they are also directors and officers of the Fund.

The Management Agreement is for an initial term of ten years and will be automatically renewable for further terms of five years each after the expiration of the initial term, subject to the provisions for termination. The Fund may only terminate the Management Agreement upon unanimous vote of the

Board of Directors. The Manager may terminate the Management Agreement as follows: (a) immediately upon the winding up, bankruptcy or receivership of the Fund; or (b) upon 90 days' written notice to the Fund.

The Fund and the Manager expressly agree in the Management Agreement that the Management Agreement does not create a fiduciary relationship between the Fund and the Manager. However, the Manager has agreed that it will exercise its powers and discharge its duties under these agreements honestly, in good faith and in what it reasonably believes to be in the best interests of the Fund.

Under the Management Agreement, the Manager, and its respective shareholders, directors and senior officers have, or may acquire, interests and dealings in other companies, joint ventures, limited partnerships and/or MICs which are presently or may in the future be actively engaged in similar businesses as the Fund. The Fund agrees that the Manager, as well as all of its respective shareholders, directors or senior officers will not be liable to the Fund for any conflict of interest as a result of such other interests or dealings, and that such interests and dealings do not and will not constitute a breach of the Management Agreement even if competitive with the business of the Fund, and even if the business opportunity could have been pursued by the Fund.

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

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

Notwithstanding any other provision of the Management Agreement, the Fund has granted to the Manager, or any related company, the irrevocable right at any time to purchase the Fund's investment in any and/or all of the mortgages held by the Fund for a purchase price equal to the Fund's percentage interest in the principal amount of such mortgages, and accrued interest payable thereon, calculated as at the end of business on the day immediately preceding the purchase date, less all accrued costs and expenses relating to the Fund.

Loan Agreement

The Fund entered into a loan agreement and a commitment letter with a Canadian chartered bank for an operating line of credit. **See Section 4.2, "Long Term Debt"**.

Shareholders Agreement

The Fund entered into a unanimous shareholders agreement (the "**Shareholders Agreement**") effective February 1, 2017 with Jason Vyner, Andrea Vyner, Doron Noah and Eliahu Mansoor, as the holders of all of the Common Shares (collectively referred to as the "**Common Shareholders**"), setting forth the manner in which certain of the affairs of the Fund shall be conducted and governing matters related to the Common Shares. The Shareholders Agreement provides that the Board of Directors shall consist of two (2) directors and that Jason Vyner shall be appointed President of the Fund and that Andrea Vyner shall be appointed Treasurer-Secretary of the Fund. The Common Shareholders agree that Jason Vyner and Andrea Vyner shall be the only officers of the Fund. Upon ceasing to be a Common Shareholder, such shareholder is required to repay any indebtedness which he, she or it may owe to the Fund, and if

applicable resign as both an officer and director of the Fund. Each of Doron Noah and Eliahu Mansoor also agree that they may at any time be required to transfer their Common Shares to a person or persons designated by Jason Vyner and Andrea Vyner for a purchase price of \$1.00 per Common Share held.

The provisions of the Shareholders Agreement do not affect the rights and obligations of the holders of the Offered Securities.

Agency Agreement

The Fund has engaged Integrated-Equities Inc. (“IEI”) to act as a non-exclusive placement agent to facilitate the completion of sale of the Offered Securities pursuant to an amended and restated agency agreement (the “Agency Agreement”) dated October 28, 2020. See Item 7, “Compensation Paid to Sellers and Finders”.

ITEM 3 : DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information as at February 28, 2022 about each director, officer and promoter of the Fund, and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Fund (a “Principal Holder”).

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Fund in the most recently completed fiscal year or to be paid in the current fiscal year	Number, type and percentage of securities of the Fund held after completion of min. offering	Number, type and percentage of securities of the Fund held after completion of max. offering
Jason Vyner Thornhill, Ontario	Director and Principal Holder since November 27, 2008 President since February 1, 2017 Director and President of the Manager	FY ‘21 – nil FY ‘22 – nil	25 Common Shares representing 25% of outstanding voting common equity 641,457.25 Class A Preferred Shares representing 16.34% of outstanding Class A Preferred Shares 1,435,617.86 Class C Preferred Shares representing 1.54% of outstanding Class C Preferred Shares 150,000 Class O Preferred Shares representing 19.37% of outstanding Class O Preferred Shares	25 Common Shares representing 25% of outstanding voting common equity 2,227,075.11 Preferred Shares representing 1.81% of outstanding Preferred Shares

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Fund in the most recently completed fiscal year or to be paid in the current fiscal year	Number, type and percentage of securities of the Fund held after completion of min. offering	Number, type and percentage of securities of the Fund held after completion of max. offering
Andrea Vyner King City, Ontario	Director, Principal Holder and Secretary-Treasurer since February 1, 2017 Director and Secretary-Treasurer of the Manager	FY '21 – nil FY '22 – nil	25 Common Shares representing 25% of outstanding voting common equity 162,086.04 Class C Preferred Shares representing 0.17% of outstanding Class C Preferred Shares 106,903.26 Class O Preferred Shares representing 13.81% of outstanding Class O Preferred Shares	25 Common Shares representing 25% of outstanding voting common equity 268,989.30 Preferred Shares representing 0.22% of outstanding Preferred Shares
Doron Noah Toronto, Ontario	Principal Holder since November 27, 2008	FY '21 – nil FY '22 – nil	25 Common Shares representing 25% of outstanding voting common equity	25 Common Shares representing 25% of outstanding voting common equity
Eliahu Mansoor Richmond Hill, Ontario	Principal Holder since November 27, 2008	FY '21 – nil FY '22 – nil	25 Common Shares representing 25% of outstanding voting common equity 25,000 Class A Preferred Shares representing 0.64% of outstanding Class A Preferred Shares 75,000 Class C Preferred Shares representing 0.08% of outstanding Class C Preferred Shares	25 Common Shares representing 25% of outstanding voting common equity 100,000 Preferred Shares representing 0.08% of outstanding Preferred Shares
Stephen Dineley Toronto, Ontario	Chief Financial Officer since February 1, 2018	FY '21 – nil FY '22 – nil	361,008.39 Class C Preferred Shares representing 0.39% of outstanding Class C Preferred Shares	361,008.39 Preferred Shares representing 0.29% of outstanding Preferred Shares

3.2 Management Experience

The following table sets out the principal occupations of the directors and executive officers of the Fund over the past five years, and their relevant experience in businesses similar to that of the Fund.

Name	Principal occupation and related experience
Jason Vyner	President and Director. Jason is a registered mortgage professional in good standing in Ontario since 1983. Jason has been involved in all aspects of the mortgage industry since that time, including being engaged in brokering, underwriting, syndicating, and administering residential and commercial mortgages.
Andrea Vyner	Secretary-Treasurer and Director. Andrea is a registered mortgage professional with over 25 years' experience. In addition to a mortgage brokers license (license no. M08000584), Andrea is a licensed real estate agent.
Stephen Dineley, FCPA, FCA	Chief Financial Officer. Stephen is a retired partner of the accounting firm KPMG LLP, where he was employed as a senior audit partner. Stephen has over 30 years' experience in the financial institution sector and has been providing consulting services to the Fund since 2014.

3.3 Penalties, Sanctions and Bankruptcy

- (a) There are no penalties or sanctions that have been in effect during the last ten (10) years, or any cease trade order that has been in effect for more than a period of 30 consecutive days during the past 10 years, against (i) a director, senior officer or control person of the Fund, or (ii) an issuer in which a person or company referred to in (i) was a director, senior officer or control person at the time.
- (b) There are no declarations of or voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten (10) years with regard to: (i) any director, executive officer or control person of the Fund; or (ii) an issuer of which a person referred in (i) above was a director, executive officer or control person at the time.

ITEM 4 : CAPITAL STRUCTURE

4.1 Share Capital

The following table sets out information about the Fund's outstanding securities, including any options, warrants and other securities convertible into the Offered Securities as at February 28, 2022.

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at the date of this Offering Memorandum	Number outstanding after maximum offering
Voting Common Shares	Unlimited	\$1.00	100	100
Non-voting Preferred Shares	Unlimited	\$1.00	97,970,199 (Total) 3,925,073 (Class A) ⁽¹⁾ Nil (Class B) ⁽¹⁾ 93,270,865 (Class C) 774,261 (Class O) ⁽²⁾	122,970,199

Notes:

- Class A Preferred Shares and Class B Preferred Shares are no longer offered to investors. Holders of Class A Preferred Shares participating in the Fund's dividend reinvestment plan (the "DRIP") are issued Class A Preferred Shares in accordance with the terms of the DRIP.
- On October 15, 2020, articles of amendment were filed setting forth the rights, privileges, restrictions and conditions to the Class O Preferred Shares.

4.2 Long Term Debt

The Fund entered into a loan agreement with a Canadian chartered bank for an operating line of credit (the “**Senior Loan Agreement**”) on August 30, 2017, as amended by an amending agreement dated April 18, 2019. Advances made under the facility are limited to the lesser of \$10,000,000 and the borrowing base, as defined in the Senior Loan Agreement, and bears interest at the bank’s prime rate plus 1.00% per annum. The borrowing base is determined monthly, based on the amount of qualifying mortgages, as defined in the Senior Loan Agreement. The facility is repayable on demand and the occurrence of an event of default under the Senior Loan Agreement is not a pre-condition to repayment. The facility is secured by a general security agreement, providing a first charge over all of the assets of the Fund. The Manager has provided an unlimited guarantee of the obligations of the Fund under the Senior Loan Agreement secured by a general security agreement, providing a first charge over all of the assets of the Manager. In addition, Jason and Andrea Vynier each have provided a limited guarantee in the amount of \$1,000,000. The Senior Loan Agreement contains various positive, negative, reporting and financial covenants, including that loan proceeds may not be used to finance any share redemptions, and restrictions on the payment of dividends and share redemptions unless the Fund is otherwise compliant with the covenants contained in the Senior Loan Agreement.

July 2021 Commitment Letter

The Fund and the Manager entered into a commitment letter (the “**2021 Commitment**”) dated July 26, 2021 with the Canadian chartered bank that is party to the Senior Loan Agreement. The principal purpose of the 2021 Commitment was to increase the Fund’s operating line of credit to \$20,000,000. Other than with respect to the increased drawdown loan amount, the terms of the 2021 Commitment are substantially the same as the terms of the Senior Loan Agreement except that the amounts drawn under the 2021 Commitment bear interest at the bank’s prime rate plus 0.80% per annum.

March 2022 Commitment Letter

The Fund and the Manager entered into a commitment letter (the “**2022 Commitment**”) dated March 18, 2022 with the Canadian chartered bank that is party to the Senior Loan Agreement. The principal purpose of the 2022 Commitment was to further increase the Fund’s operating line of credit to \$55,000,000, provided that any amount drawn under facility in excess of \$30,000,000 will be subject to final review by the bank’s external counsel and may require additional security from the Fund and/or the Manager and/or a separate loan agreement. Other than with respect to the increased drawdown amount, the terms of the 2022 Commitment are substantially the same as the terms of the Senior Loan Agreement and the 2021 Commitment. One of the key differences however is that advances made under the facility are limited to the lesser of \$55,000,000 and the sum of (i) 75% of the principal balance of eligible mortgages receivables (as such term is defined in the 2022 Commitment) on single family residential properties (as such term is defined in the 2022 Commitment) and multi-unit residential properties; and (ii) 50% of the principal balance of eligible mortgages receivables on commercial and industrial properties.

As at the date of this Offering Memorandum, the total loan amount outstanding (including accrued interest) under the Senior Loan Agreement and 2021 Commitment and 2022 Commitment is \$13,500,000.

4.3 Prior Sales

Class A Preferred Shares

Within the last 12-month period, Class A Preferred Shares have been issued and retracted as follows:

Month of Transaction	Subscriptions		Dividend Reinvestment		Retractions	
	\$	Preferred Shares	\$	Preferred Shares	\$	Preferred Shares
March 2021	-	-	12,850.83	12,851	-	-
April 2021	-	-	12,395.44	12,395	-	-
May 2021	-	-	12,640.84	12,641	-	-
June 2021	-	-	12,495.46	12,495	-	-
July 2021	-	-	13,131.63	13,132	-	-
August 2021	-	-	13,053.44	13,053	-	-
September 2021	-	-	12,780.36	12,780	-	-
October 2021	-	-	13,683.82	13,684	-	-
November 2021	-	-	12,975.45	12,975	-	-
December 2021	-	-	13,306.13	13,306	-	-
January 2022	-	-	13,847.68	13,848	-	-
February 2022	-	-	12,671.22	12,671	-	-
March 2022	-	-	N/A ⁽¹⁾	N/A ⁽¹⁾	-	-

Note:

1. Dividend reinvestment data for Class A Preferred Shares for March 2022 is being calculated as at the date of this Offering Memorandum and is not available but is expected to be generally consistent with prior months.

Class C Preferred Shares

Within the last 12-month period, Class C Preferred Shares have been issued and retracted as follows:

Month of Transaction	Subscriptions		Dividend Reinvestment		Retractions	
	\$	Preferred Shares	\$	Preferred Shares	\$	Preferred Shares
March 2021	1,136,279.00	1,136,279	322,920.37	322,920	82,891.00	82,891
April 2021	2,052,780.00	2,052,780	315,027.44	315,027	209,268.00	209,268
May 2021	620,838.00	620,838	320,184.68	320,185	577,214.00	577,214
June 2021	846,387.00	846,387	317,299.14	317,299	306,921.00	306,921
July 2021	1,310,000.00	1,310,000	333,134.77	333,135	50,988.00	50,988
August 2021	2,497,000.00	2,497,000	335,621.24	335,621	360,614.00	360,614
September 2021	720,000.00	720,000	324,082.23	324,082	93,859.00	93,859
October 2021	1,322,581.00	1,322,581	351,654.81	351,655	204,851.00	204,851
November 2021	6,410,000.00	6,410,000	329,593.76	329,594	1,037,662.00	1,037,662
December 2021	1,059,773.00	1,059,773	330,652.99	330,653	252,552.00	252,552
January 2022	1,432,801.00	1,432,801	339,643.51	339,644	235,062.00	235,062

Month of Transaction	Subscriptions		Dividend Reinvestment		Retractions	
February 2022	974,667.00	974,667	310,832.06	310,832	689,579.00	689,579
March 2022	3,816,500.00	3,816,500	N/A ⁽¹⁾	N/A ⁽¹⁾	330,392.00	330,392

Note:

1. Dividend reinvestment data for Class C Preferred Shares for March 2022 is being calculated as at the date of this Offering Memorandum and is not available but is expected to be generally consistent with prior months.

Class O Preferred Shares

On October 15, 2020, articles of amendment were filed setting forth the rights, privileges, restrictions and conditions to the Class O Preferred Shares. Class O Preferred Shares have been issued and retracted as follows:

Month of Transaction	Subscriptions		Dividend Reinvestment		Retractions	
	\$	Preferred Shares	\$	Preferred Shares	\$	Preferred Shares
March 2021	-	-	1,652.36	1,652	-	-
April 2021	-	-	1,606.53	1,607	-	-
May 2021	-	-	1,430.44	1,430	-	-
June 2021	50,000.00	50,000	1,435.99	1,436	-	-
July 2021	-	-	1,677.42	1,677	-	-
August 2021	-	-	1,685.22	1,685	-	-
September 2021	-	-	1,359.63	1,360	-	-
October 2021	-	-	1,700.76	1,701	-	-
November 2021	-	-	1,653.58	1,654	-	-
December 2021	100,000.00	100,000	1,867.12	1,867	-	-
January 2022	-	-	2,192.29	2,192	-	-
February 2022	-	-	1,989.39	1,989	-	-
March 2022	-	-	N/A ⁽¹⁾	N/A ⁽¹⁾	-	-

Note:

1. Dividend reinvestment data for Class O Preferred Shares for March 2022 is being calculated as at the date of this Offering Memorandum and is not available but is expected to be generally consistent with prior months.

ITEM 5 : SECURITIES OFFERED

5.1 Terms of Securities

A description of the material terms of the Offered Securities include:

- (a) **Voting** – The Class C Preferred Shareholders and the holders of the Class O Preferred Shares (the “**Class O Preferred Shareholders**”) are not entitled to notice of or to attend or vote at meetings of the holders of common shares of the Fund. However, Class C Preferred Shareholders and Class O Preferred Shareholders are each entitled to one (1) vote for each applicable class of Preferred Share held at all meetings of Class C Preferred Shareholders and Class O Preferred Shareholders, respectively, and at all meeting of shareholders required be convened pursuant to the OBCA.

- (b) **Redemption at the Option of the Holder** – The articles of the Fund provide that Class C Preferred Shareholders and Class O Preferred Shareholders each have the right to require the Fund to redeem all or part of the applicable class of Preferred Shares held by him, her or it at any time, provided that the redemption request will not result in a contravention of the OBCA or any other provision of the articles of the Fund, and further provided that, only in the case of the Class C Preferred Shareholders, the Class C Preferred Shares that are subject of a redemption request must have been issued and outstanding for at least twelve months (the “**Holding Period**”). Redeeming Class C Preferred Shareholders and Class O Preferred Shareholders must give the Fund a minimum of 120 days’ notice in writing delivered to the Fund’s registered head office. Redemption will occur at a redemption price equal to 100% of the amount paid upon issuance of the applicable class of Preferred Shares redeemed together with all declared and unpaid dividends (the “**Preferred Share Redemption Price**”), less any redemption fees, charges or other amounts then payable by the holder of the applicable class of Preferred Shares.

Effective October 28, 2020, notwithstanding the articles of the Fund, the Board of Directors adopted and approved a policy waiving the Holding Period and accordingly, assuming all other conditions to redemption have been properly met in accordance with applicable laws and the articles of the Fund, the Class C Preferred Shares may be redeemed during the Holding Period. The Holding Period does not apply to the Class O Preferred Shares.

Effective October 28, 2020, the Board of Directors resolved to terminate and repeal the Fund’s early redemption fee policy enacted September 26, 2017, which policy required Class C Preferred Shareholders seeking to redeem their Class C Preferred Shares within the Holding Period to pay an early redemption fee of 2% of the Redemption Price (as such term is defined in the Fund’s articles) respecting the Class C Preferred Shares, unless waived in the sole discretion of the Board of Directors. Accordingly, effective October 28, 2020, there shall be no early redemption fee charged for the Class C Preferred Shares or the Class O Preferred Shares. **See Section 2.1, “Structure - Recent Developments - Early Redemption Fees and Holding Period Amendments”.**

The Fund may redeem some but not all of the Class C Preferred Shares and/or Class O Preferred Shares for which redemption requests have been received and postpone or suspend the redemption of the remaining Class C Preferred Shares and/or Class O Preferred Shares pursuant to the provisions of the articles of the Fund. Any such partial redemption will be made pro rata among all holders of the applicable class of Preferred Shares who submitted such redemption requests.

Redemptions may take place monthly, and redemption proceeds will be paid to the redeeming Class C Preferred Shareholders and Class O Preferred Shareholders on the 15th day following the applicable date of redemption.

The Fund will not be required to redeem any Class C Preferred Shares or Class O Preferred Shares on any redemption date if the aggregate amount redeemed would be equal to 10%, on an annualized basis, of the net assets of the Fund.

The Class C Preferred Shareholder’s and Class O Preferred Shareholder’s right to request redemption is subject to the following discretion vested with the Board of Directors pursuant to the constating documents of the Fund, which provide as follows:

Subject to applicable law, the Board of Directors are empowered to take such steps and to do such things as may be necessary to ensure that the corporation qualifies and continues to qualify as a

“mortgage investment corporation” under section 130.1 of the *Tax Act*. If the Board of Directors by resolution determines that it is in the best interests of the Fund to ensure that the securities of the Fund do not constitute a “prohibited investment” to any annuitant of a registered plan for purposes of the *Tax Act* then the Board of Directors is further empowered to take such steps and to do such things as may be necessary in that regard. Without limiting the generality of the foregoing, for the purposes stated above, the Board of Directors may in its sole discretion accept or reject subscriptions for securities in the capital of the Fund, redeem in whole or in part any class of securities of the Fund from any holder thereof, or deny, postpone, restrict or place conditions on any request for redemption or conversion of any securities of the Fund or on any application to transfer securities of the Fund.

Pursuant to the terms of the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment, the Fund will not be permitted to redeem shares including the Class C Preferred Shares and Class O Preferred Shares unless it is otherwise compliant with the covenants contained in the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment. **See Section 2.7, “Material Agreements - Loan Agreement”.**

- (c) **Redemption by the Fund** – The Fund may redeem all or any part of the then outstanding Class C Preferred Shares or Class O Preferred Shares upon providing 21 days’ notice in writing to holders of the applicable class of Preferred Shares and upon payment of the applicable Preferred Share Redemption Price for each such Preferred Share redeemed.

The Fund may also, without notice to Class C Preferred Shareholders or Class O Preferred Shareholders, redeem the applicable class of Preferred Shares registered in the name of such holders at the applicable Preferred Share Redemption Price: (i) to the extent necessary to pay any outstanding fees, charges, expenses or other amounts owned by such holders to the Fund; or (ii) where required by applicable law or policies of security regulatory authorities, or as may be required to ensure the Fund qualifies and continues to qualify as a MIC under section 130.1 of the *Tax Act* or where the Board of Directors has by resolution determined that such redemption is necessary to ensure that the securities of the Fund do not constitute a “prohibited investment” to any annuitant of a registered plan for the purposes of the *Tax Act*.

From and after the time of redemption, the Class C Preferred Shares or the Class O Preferred Shares to be redeemed shall be immediately cancelled and shall thereafter cease to have any further rights with respect to such shares unless payment of the applicable Preferred Share Redemption Price is not made upon presentation of certificates of the applicable class of Preferred Shares for cancellation.

- (d) **Dividends** – The Fund pays out as dividends substantially all of its net income every year to the holders of Preferred Shares subject to the Board of Directors’ discretion to establish loan loss reserves for the Fund. The Fund is authorized to issue the Preferred Shares including the following four (4) classes – the Class A Preferred Shares, the Class B Preferred Shares, the Class C Preferred Shares and the Class O Preferred Shares. **See Item 4, “Capital Structure”.**

The Fund uses the subscription proceeds from each class of Preferred Shares to acquire and allocate to the respective class of Preferred Shares a discrete pool of mortgages, except that the pool of mortgages allocated to the Class A Preferred Shares may be aggregated with the pool of mortgages allocated to the Class C Preferred Shares for the purposes of calculating dividend distributions. Accordingly, net income attributable to the Class C Preferred Shares will be paid out as dividends to the holders of the Class C Preferred Shares and net income attributable to the Class O Preferred Shares will be paid out as dividends to the holders of the Class O Preferred

Shares, except that at the discretion of the Board of Directors, the net income attributable to the Class A Preferred Shares and the net income attributable to the Class C Preferred Shares may be added together to calculate dividends payable on the Class A Preferred Shares and the Class C Preferred Shares. In this circumstance, the Class A Preferred Shares and the Class C Preferred Shares shall rank equally, and no dividends may be declared on a Class A Preferred Share unless an identical dividend per share is declared on a Class C Preferred Share. However, the Board of Directors may declare and pay dividends on the Class C Preferred Shares to the exclusion of the Class O Preferred Shares and vice versa. Further, as the pool of mortgages allocated to each of the Class C Preferred Shares and Class O Preferred Shares will differ, the amount of any dividends declared and paid on each of the Class C Preferred Shares and Class O Preferred Shares will differ. **See Section 2.2, “Our Business” and Section 8.2, “Investment Risk - Mortgage Pool Allocation Risk Among Different Classes of Shares”.**

Dividends will be paid monthly with the appropriate adjustment made to the final dividend payment to be made on December 15 of each year to holders of record as of the November 30 in that year to ensure the net income of the Fund is reduced to nil. The articles of the Fund prevent the payment of dividends to the holders of the common shares.

Pursuant to the terms of the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment, the Fund will not be permitted to declare and pay dividends on shares including the Class C Preferred Shares and Class O Preferred Shares unless it is otherwise compliant with the covenants contained in the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment. **See Section 2.7, “Material Agreements - Loan Agreement”.**

- (e) **Pre-emptive Rights** – Except as otherwise required by law, the holders of the Class C Preferred Shares and the holders of Class O Preferred 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 Fund.
- (f) **Liquidation, Dissolution, or Winding up** – In the event of the liquidation, dissolution or winding-up of the Fund, whether voluntary or involuntary, or in the event of any other distribution of assets of the Fund among its shareholders for the purpose of winding-up its affairs, Class C Preferred Shareholders and the Class O Preferred Shareholders will be entitled to receive from the assets of the Fund the applicable Preferred Share Redemption Price before any amount is paid or property or assets of the Fund distributed to the holders of the common shares or to holders of any other class of shares ranking junior to the applicable class of the Preferred Shares.
- (g) **Constraints on Transferability** – Requests to transfer shares of the Fund requires written approval of a majority of the Board of Directors, provided that the requested transfer of shares does not impair the Fund’s status as a MIC or contravene any law, rule, policy or regulation prescribed by any applicable securities commission or the provisions of the OBCA or any other applicable laws.

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a MIC, a corporation must have at least twenty shareholders and no shareholder may be a Specified Shareholder (defined below) of the corporation. A Specified Shareholder, as defined in the Tax Act, would include a taxpayer who, alone or together with any person related to the taxpayer, owns, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the corporation (a “**Specified Shareholder**”). The Tax Act states that a trust governed by a registered pension plan or a deferred profit-sharing plan is counted as four shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder is a

Specified Shareholder. The Board of Directors intend to refuse registration of an allotment or any transfer of shares which would result in the Fund ceasing to meet the qualifications of a MIC.

As the Fund is not currently a reporting issuer in the selling jurisdictions or in any other jurisdiction, the Class C Preferred Shares and Class O Preferred Shares are subject to resale restrictions pursuant to applicable securities laws. **See Item 10, “Resale Restrictions”.**

- (h) **Dividend Reinvestment Plan** - The Fund, subject to maintaining the status of the Fund as a MIC under the Tax Act, maintains a dividend reinvestment plan (the “**DRIP**”). Under the DRIP, a holder of the Preferred Shares can reinvest dividends in additional Preferred Shares of the same class (“**Plan Shares**”). The Manager administers all aspects of the DRIP.

All holders of the Preferred Shares are eligible to participate in the DRIP by completing an enrolment form attached hereto as Schedule “B” and returning it to the Fund (the “**Registered Participants**”). If a holder of the Preferred Shares wishes to participate in the DRIP, he, she or it may enrol any of their Preferred Shares in the DRIP.

Dividends are calculated, paid and reinvested in the Preferred Shares on a monthly basis (the “**Dividend Date**”). The Fund calculates and pays dividends on the Preferred Shares on a monthly basis on the Dividend Date.

Plan Shares acquired through the DRIP are purchased at the price per applicable class of Preferred Share determined in accordance with the articles of the Fund and as specified in this Offering Memorandum on the Dividend Date. The Fund uses the cash dividends attributable to a holder of the Preferred Shares to purchase additional Plan Shares, in the same class of Preferred Shares as are enrolled under the DRIP, on behalf of the holder. All Plan Shares acquired through the DRIP are credited to the account of the holder of the applicable class of Preferred Shares and physical certificates are not issued to such holder for shares acquired under the DRIP. Fractional Plan Shares will not be issued. A Registered Participant’s pro rata entitlement to fractional Plan Shares may be held by the Manager for the participant’s accounts and a cash adjustment for any such fractional Plan Shares will be paid by the Manager to the Registered Participant upon termination by such participant of his or her participation in the DRIP. No commission, service charges or brokerage fees will be charged by the Fund or the Manager for participation in the DRIP.

Participation in the DRIP may be terminated by a Registered Participant at any time by giving written notice to the Manager and the Fund at least five (5) business days’ before a Dividend Date. If written notice terminating participation in the DRIP is not received by the Fund at least five (5) business days before a Dividend Date, the requested action will be taken as soon as practicable after the applicable Dividend Date.

The Fund reserves the right to amend, suspend or terminate the DRIP at any time. In the event of such occurrence, the Fund will give written notice to all holders of the Preferred Shares.

Dividends that are reinvested under the terms of the DRIP do not relieve Registered Participants of any liability for taxes that may be payable on such dividends. Holders of the Preferred Shares who intend to participate in the DRIP should consult their tax advisers about the tax consequences which will result from their participation in the DRIP.

5.2 **Investor Qualification and Minimum Subscription Amounts**

The Offered Securities are being offered to investors residents in Canada pursuant to exemptions from the prospectus requirements under section 2.3 (accredited investor exemption) and section 2.9 (offering memorandum exemption) under National Instrument 45-106 and, where applicable, the registration requirements under National Instrument 31-103. Such exemptions relieve the Fund from provisions under applicable securities laws requiring the Fund to file a prospectus and therefore investors 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.

Investors will be required to make certain representations in the Subscription Agreement, and the Fund will be entitled to rely on such representations, to establish the availability of the exemptions under NI 45-106 and NI 31-103. No subscription will be accepted unless the Fund is satisfied that the subscription is in compliance with applicable securities legislation.

While National Instrument 45-106 provides for several different possible prospectus exemptions, some commonly used exemptions utilized for an investment in the Offered Securities are the “accredited investor” and the “offering memorandum” exemptions, the terms and conditions of which as they apply to the Offering are summarized below.

Accredited Investor

In all offering jurisdictions an investor may purchase the Offered Securities if the investor is an “accredited investor” and purchases the Offered Securities 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” he or she 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. In addition, “accredited investors” who are individuals must also complete and execute a Form 45-106F9 Risk Acknowledgement Form appended to the Subscription Agreement.

The minimum subscription amount for the Offered Securities offered to eligible investors under the “accredited investor” exemption is \$10,000. The Fund may, however, in its sole discretion, accept subscriptions for lesser amounts provided such subscriptions are otherwise made in compliance with applicable securities legislation.

Offering Memorandum Exemption

In British Columbia and Newfoundland and Labrador, an investor may purchase the Offered Securities 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 Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement and delivers it to the Fund.

In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, an investor, provided he, she or it is either an “eligible investor” (see paragraph below) or the cash acquisition cost to that investor

does not exceed \$10,000 may purchase the Offered Securities if, before or at the time the investor completes and signs the Subscription Agreement, the investor purchases as principal, the investor receives the Offering Memorandum and completes and signs the Risk Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement, and delivers it to the Fund.

In Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, an investor may purchase the Offered Securities if, before or at the time the investor signs the Subscription Agreement, the investor purchases as principal, the investor receives the Offering Memorandum, the investor completes and signs the Risk Acknowledgement Form 45-106F4 which accompanies the Subscription Agreement and delivers it to the Fund 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 the Offered Securities 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 the Offered Securities 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 the Offered Securities 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 the Offered Securities 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.

Each investor is urged to consult with his or her or its own legal advisor as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.

5.3 Subscription Procedure

The Offered Securities are offered only on a private placement basis and only by dealers authorized to offer such private placements of securities. The principal distributor of the Fund is Integrated-Equities Inc., an affiliate of the Manager registered in the category of exempt market dealer in the Provinces of Ontario and Saskatchewan.

Persons wishing to subscribe for the Offered Securities under this Offering may do so by completing the following three steps:

- (a) **Execution of Subscription Agreement** – This Offering Memorandum is for persons who are resident in, or otherwise subject to the laws of, Canada. To subscribe for Shares, investors must complete the applicable Subscription Agreement attached hereto as Schedule “A”, including all applicable exhibits. The Subscription Agreement contains, among other things, representation and

warranties required to be made by the investor that it is duly authorized to purchase the Offered Securities, that it is purchasing the Offered Securities for investment and not with a view for resale and as to its corporate status or other qualifications to purchase the Offered Securities on a “private placement” basis.

If you have questions about completing the Subscription Agreement, or if you are not a resident in these jurisdictions but would like to subscribe, please contact the office of the Manager at 1-866-996-8226 Ext. 225 to request further information.

- (b) **Paying the Subscription Price** – A certified cheque, bank draft or wire transfer in an amount equal to \$1.00 multiplied by the number of Offered Securities being subscribed for must be forwarded to Fund’s head office in Toronto, Ontario made payable to New Haven Mortgage Income Fund (1) Inc.
- (c) **Offering Memorandum Exemption** – In the case of an investor that is relying on the offering memorandum exemption to purchase the Offered Securities, the investor must deliver to the Fund:
 - (i) a completed and executed Form 45-106F4 Risk Acknowledgment;
 - (ii) if required, a completed and executed Appendix I to Form 45-106F4;
 - (iii) if required, a completed and executed Appendix II to Form 45-106F4; and
 - (iv) if required, a completed and executed Certificate of Eligible Investor.
- (d) **Accredited Investor Exemption** – In the case of an investor that is relying on the accredited investor exemption to purchase the Offered Securities, the investor must deliver to the Fund a completed and executed Certificate of Accredited Investor and, if required, a completed and executed Form 45-106F9 – Risk Acknowledgement for Individual Accredited Investors appended to the Certificate of Accredited Investor.
- (e) **Delivering Subscriptions** – Completed Subscription Agreements and funds payable to New Haven Mortgage Income Fund (1) Inc. must be received by the Fund at:

New Haven Mortgage Income Fund (1) Inc.
1220 Sheppard Ave East, Suite 206
Toronto, Ontario, M2K 2S5

Tel. No.: 1-866-996-8226 Ext. 225, Fax No.: 1-866-784-6385
E-mail: arjun@newhavenmortgage.com

The Offered Securities are being offered on a continuous basis subject to a maximum offering size of \$25,000,000 (25,000,000 Offered Securities). The first Closing of the Offered Securities under this Offering Memorandum is expected to occur on or about April 1, 2022. Thereafter, the Fund intends to complete Closings on the 1st of each month or as such other times as determined at the sole discretion of the Fund.

All subscription proceeds will be held in trust until the Fund accepts an investor’s subscription. In the event that Fund does not accept an investor’s subscription, all subscription proceeds will be promptly returned to the investor without interest or deduction.

Subscriptions may be accepted at the sole discretion of the Manager and are subject to the terms and conditions of the Subscription Agreement signed by the investor. The authority to accept or reject subscriptions has been delegated to the Manager to ensure that the Fund maximizes its return for existing investors, that the fund remains qualified as a MIC as this term is defined by the Tax Act and to ensure that the Fund complies with all other relevant securities laws. The Manager may also defer acceptance of a subscription on behalf of the Fund if the Board of Directors does not anticipate that the Fund will have sufficient investment opportunities within the next 30-day period to absorb the funds. If the Board of Directors does defer acceptance, such funds shall be invested in a CDIC insured investment available to the Manager until the money can be rolled into the Fund's mortgage portfolio, with all interest earned being paid to such investor. If the Manager rejects a subscription for any other reason, the subscription funds received will be returned to the investor, without interest or deduction, along with notification of the rejection.

This Offering is not subject to any minimum subscription level except as specified herein or as required for the Fund to maintain its status as a MIC under Canadian income tax law. Therefore, any funds received from an investor are available to the Fund and need not be refunded to the investor save and except as required by the constating documents of the Fund, the terms of this Offering Memorandum or as otherwise required by law.

This Offering may be nullified at the sole discretion of the Manager acting on behalf of the Fund. For example, the Manager might choose to nullify the Offering upon the occurrence of events such as any material adverse change in the business, personnel or financial condition of the Manager. If this Offering is nullified for any reason, the Subscription Agreement and cash funds received by the Manager prior to the nullification will be returned to investors without interest or deduction as if the investors' subscription had been rejected (whether or not the subscription(s) had previously been accepted by the Fund).

A prospective investor will become a shareholder upon execution of a Subscription Agreement, acceptance of the Subscription Agreement by the Manager acting on behalf of the Fund, payment of the subscription price, and entry of the investor's name in the shareholder register of the Fund.

You should carefully review the terms of the Subscription Agreement attached hereto for more detailed information concerning the rights and obligations applicable to you and the Fund. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. **You should consult with your own professional advisors.**

ITEM 6 : INCOME TAX CONSEQUENCES

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

There has been no application for an Advance Income Tax Ruling from the Canada Revenue Agency (the "CRA") on any aspect of the transactions proposed in this Offering Memorandum, nor is it intended that such an application will be made. No opinion from the Fund's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all encompassing and should not be construed as specific advice to any particular investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Offered Securities 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 Fund has prepared the following summary, which it believes is a fair and adequate summary of the principal federal income tax consequences of acquiring, holding and disposing of the Offered Securities by an investor who, at all relevant times, is a resident of Canada, deals at arm's length, and is not affiliated, with the Fund and who acquires and holds the Offered Securities as capital property, all within the meaning of the Tax Act (a “holder”). Generally, the Offered Securities will be considered capital property to a holder provided such holder does not hold the Offered Securities in the course of carrying on business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Holders who may not hold the Offered Securities as capital property can elect in certain circumstances, to have such property treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to any holder of the Offered Securities that is a “financial institution”, as defined in section 142.2 of the Tax Act or to any holder of the Offered Securities an interest in which is a “tax shelter investment” for the purposes of the Tax Act.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and regulations thereunder, all specific proposals (the “Tax 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 and the current published administrative practices of the CRA. This summary assumes that the Tax Proposals will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, governmental or judicial action and does not take into account tax legislation or consideration of any province, territory or foreign jurisdiction.

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

This summary is based on the assumption that the Fund meets certain conditions which are imposed by the Tax Act to qualify as a MIC. These conditions will generally be satisfied if, throughout the taxation year of the Fund or in the Fund's first taxation year, at the end of such first taxation year:

- (a) the Fund is a Canadian corporation as defined in the Tax Act;
- (b) the Fund's only undertaking was the investing of its funds and it did not manage or develop any real property;
- (c) no debts were owing to the Fund by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Fund did not own shares of corporations not resident in Canada;
- (e) the Fund did not hold real property situated outside of Canada;
- (f) no debts were owing to the Fund that were secured on real property situated outside of Canada;
- (g) the cost amount of the Fund's property consisting of mortgages on “houses” or on property included within a “housing project” (as those terms are defined in section 2 of the *National Housing Act* (Canada)), deposits with a bank or other corporations whose deposits are insured by

the Canada Deposit Insurance Corporation or a credit union, together with cash on hand (collectively, the “**Qualifying Property**”), was at least 50% of the cost amount to it of all of its property;

- (h) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Fund) owned by the Fund did not exceed 25% of the cost amount to it of all of its property;
- (i) the Fund had at least 20 shareholders and no person would have held more than 25% of the issued shares of the capital stock of the Fund or been a specified shareholder (as such term is defined in subsection 130.1(6) of the Tax Act) of the Fund;
- (j) holders of any preferred shares had a right, after payment of their dividends, and payment of dividends in a like amount per share to the holders of common shares, to participate *pari passu* with the holders of common shares in any further payment of dividends; and
- (k) where at any time in the year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property was less than 2/3 of the cost amount to it of all of its property, the Fund’s liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, or, where throughout the taxation year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property equaled or exceed 2/3 of the cost amount of all of its property, the Fund’s liabilities did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It has been assumed for the purpose of this summary that the Fund will qualify as a MIC in accordance with conditions prescribed in the Tax Act at all times that are relevant to the opinions expressed herein. Based upon certain representations by management of the Fund as to the nature, location and cost amounts of the Fund’s assets and liabilities, including the composition and cost of the Fund’s mortgage portfolio, as to the shareholders of the Fund and as to the range of activities which the Fund will undertake in the course of carrying on its activities (the “**Representations**”), it is anticipated that the Fund will meet the requirements for qualification as a MIC under the Tax Act at the closing of this Offering and will continue to so qualify provided the Representations continue to be true throughout each of the Fund’s subsequent taxation years. Investors are cautioned that the Fund must meet the requirements under the Tax Act to be a MIC on a continuous basis throughout each taxation year in order to avail itself of the provisions of the Tax Act as to the taxation of dividends outlined herein. Management of the Fund expects that the Representations will continue to be true throughout each of the Fund’s subsequent taxation years such that the Fund will continue to so qualify.

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

Taxation of the Fund

As a MIC, the Fund is subject to special rules under the Tax Act that permit the Fund to be operated, in effect, as a tax free “flow through” conduit of its profit to its holders. The Fund will, in computing its income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Fund in computing its income for the preceding year. The income of the Fund for purposes of the Tax Act includes interest earned and the taxable portion of any net realized capital gains. If and to the extent the Fund has income after these and other applicable deductions, such

income is subject to the prevailing tax rates applicable to a public corporation excluding the general rate reduction. In addition, the Fund may generally declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct, in computing its income for the year, one-half (1/2) of its capital gains dividend paid during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Fund intends to pay taxable dividends and capital gains dividends each year in sufficient amounts to reduce its Part I income tax liability to nil.

Taxation of holders

Dividends

Taxable dividends, except capital gains dividends, which are paid by the Fund on the Offered Securities are taxable in the hands of the holder as interest and not as dividends. **The normal gross-up and dividend tax credit rules will not apply to dividends paid by the Fund to an individual and holders that are corporations will not be entitled to deduct the amount of dividends paid by the Fund from their taxable income.** Capital gains dividends received by a holder are treated as capital gains realized by the holder and will be subject to the general rules relating to the taxation of capital gains described in more detail below.

Dispositions

The cost to a holder of his, her or its Offered Securities (plus or minus certain adjustments required under the Tax Act) will be the adjusted cost base of such shares at any particular time, against which a capital gain or capital loss will be measured on a sale or other deemed disposition of those shares. For the purposes of calculating the “adjusted cost base” of the Offered Securities, the investor will include the amount paid for such shares plus any increase in value in those shares. Given all income is intended to be paid to investors, it is not expected that the Offered Securities will increase in value over time. The Offered Securities will decrease in value only if the Fund suffers losses on mortgage investments. Any such losses would be reflected in a negative balance in the retained earnings of the Fund. The value of each investor’s Offered Securities would decrease pro rata.

A disposition or a deemed disposition of the Offered Securities (other than to the Fund) will result in a holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the Offered Securities exceed (or are exceeded by) the adjusted cost base of such shares and reasonable disposition costs, according to the usual rules contained in the Tax Act. A holder will be considered to have disposed of his, her or its Offered Securities when such shares are assigned or sold, are the subject of a gift, the holder dies or where the Fund is wound-up or otherwise terminated. An Offered Security which is the subject of a gift or which is held by a holder when he, she or it dies is generally deemed to be disposed of or for proceeds equal to fair market value at that time. However, in certain circumstances a capital gain or capital loss will be deferred where gift or bequest transfers the Offered Securities to the holder’s spouse. Amounts paid by the Fund on the redemption or acquisition by it of the Offered Securities, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Fund will be deemed to be a dividend and will generally be included in the income of the holder as interest (and deductible by the Fund) in accordance with the rules described above.

One-half (1/2) of any capital gain realized by a holder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the holder’s income under the Tax Act as a taxable capital gain. Subject to certain specific rules contained in the Tax Act, one-half (1/2) of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the holder in the year of disposition. The excess of capital losses over capital gains in the year of disposition

may generally be deducted against capital gains in the three preceding taxation years or in any subsequent taxation year, subject to the more specific rules contained in the Tax Act.

Taxable capital gains realized by a holder that is an individual, including certain trusts, may give rise to alternative minimum tax depending upon the holder's circumstances.

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including amounts in respect of interest and taxable capital gains. The 6 2/3% tax is to be added to such corporation's refundable dividend tax on hand account and will be eligible for refund at a rate of \$1.00 for every \$3.00 of taxable dividends paid by the corporation.

Interest on Money Borrowed to Purchase Offered Securities

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

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

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

Eligibility for Investment by Deferred Income Plans

As long as the Fund is qualified as a MIC under the Tax Act, the Offered Securities may be qualified investments for trusts governed by a registered retirement savings plan ("RRSP"), deferred profit sharing plan, registered retirement income fund ("RRIF") or tax-free savings account ("TFSA") (collectively, "**Deferred Income Plans**") at a particular time if the Fund qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Fund does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber, under the relevant Deferred Income Plan or any other person who does not deal at arm's length with that person. Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Fund or on any capital gain realized on the disposition of the Offered Securities or with respect to capital gains dividends.

If the Fund fails to qualify as a MIC at any time in a taxation year, the Offered Securities may cease to be a qualified investment for a Deferred Income Plan. When a Deferred Income Plan holds a non-qualified investment at the end of a month, the trust governed by the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired. If the Deferred Income Plan in question is a tax-free savings account, a tax of 50% of the fair market value of the Offered Securities will apply against the holder if the Fund fails to qualify as a MIC, or at any time if the Offered Securities become a prohibited or non-qualified investment for a Deferred Income Plan that is a tax-free savings account. Additionally, while a Deferred Income Plan that is a tax-free savings account holds a prohibited investment, the holder will also be subject to an additional tax that is based on income earned from the prohibited investment.

Prohibited Investment for Deferred Income Plans

While an investment in the Offered Securities may be a qualified investment for Deferred Income Plans purposes, it is possible that such investment may be a prohibited investment thus subjecting the holder to tax applied at a rate of 50% of the fair market value of the investment pursuant to subsection 207.04(1) of the Tax Act. A prohibited investment includes a share of the capital stock of a corporation in which the RRSP annuitant is a specified shareholder or does not deal at arm's length. A share of the capital stock of a corporation that does not deal at arm's length with a corporation in which an RRSP, RRIF and TFSA annuitant is a specified shareholder is also a prohibited investment. A specified shareholder is defined in subsection 248(1) of the Tax Act to include a taxpayer who owns, directly or indirectly, at any time in the year, not less than 10% of the issued shares of any class of the capital stock of the corporation or any other corporation that is related to it, and a taxpayer shall be deemed to own each share of the capital stock of a corporation owned at that time by a person with whom the taxpayer does not deal at arm's length.

Interest Expense Regarding RRSP/TFSA Contributions

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

Distributions Received from Fund by RRSP

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

In most situations, such distributions paid on the Offered Securities held by an RRSP, however, will not be subject to tax in the hands of the RRSP, provided the RRSP has not borrowed money or carried on business and the annuitant under the RRSP is alive. An RRSP will not carry on business merely by holding the Offered Securities. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP on withdrawal of the funds from the RRSP, which must occur no later than the year the annuitant becomes 71 years old.

RRSP Contribution Limits

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

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

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

Each prospective investor is advised to seek independent advice in respect of the income tax consequences of his participation in the Fund, taking into account his, her or its own particular circumstances.

ITEM 7 : COMPENSATION PAID TO SELLERS AND FINDERS

Pursuant to an amended and restated agency agreement (the “**Agency Agreement**”) dated October 28, 2020 between the Fund and Integrated-Equities Inc. (“**IEI**”), a registered exempt market dealer in the Provinces of Ontario and Saskatchewan, the Fund has engaged IEI to act as a non-exclusive placement agent to facilitate the completion of the sale of the Offered Securities. In consideration for its services, IEI charges the Fund work fees equal to \$20,000 per year, plus applicable taxes. Further, IEI is entitled to be reimbursed by the Fund all referral fees payable by IEI to parties that have introduced IEI to prospective investors in the Offered Securities, provided that the referral fee payable under any given referral arrangement between IEI and the referring party does not exceed 6.00% of the gross subscription proceeds received by the Fund pursuant to such referral arrangement, and further provided the Fund approves in advance the form of referral agreement entered into by IEI and the referring party. The Fund is also required to reimburse IEI for all pre-approved expenses relating to IEI acting as placement agent, provided that IEI shall be responsible for its own overhead and administrative costs in connection with acting as placement agent. Notwithstanding the foregoing, the Fund shall reimburse IEI for all out of pocket expenses incurred by IEI in connection with approved referral arrangements. **The Fund is a related and connected issuer of IEI and the Manager by virtue of their common influential securityholders and directors and officers, and by virtue of the role of the Manager in providing management and mortgage administration services as well as consulting and advisory services to the Fund and its compensation thereby. See “Conflicts of Interest” below.**

For the fiscal years ended December 31, 2020 and December 31, 2021, IEI was paid \$33,566 and \$70,513, respectively, pursuant to the Agency Agreement.

The decision to distribute the Offered Securities being offered hereunder was determined by non-arm’s length negotiations upon the recommendation of the Manager in its capacity as the manager of the Fund in consultation with IEI.

Either the Fund or the Manager may retain and engage, either on an exclusive or non-exclusive basis, other registered agents, securities dealers and brokers and other eligible persons to sell the Offered Securities. Any commissions, corporate finance fees, finder’s fees or referral fees or other compensation payable by the Fund in connection with the distribution and sale of the Offered Securities will be disclosed to investors prior to Closing either by way of amended offering memorandum relating to this offering and/or in the investor’s subscription agreement. In addition, registrants and other eligible persons seeking investors for any of the Offered Securities may charge their clients additional fees or commissions to purchase or sell such Offered Securities. To date, however, neither the Fund nor the Manager has retained any registered agents, securities dealers, brokers or other eligible persons to sell the Offered Securities, other than IEI.

Applicable securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with their customers or clients, to inform

them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

Conflicts of Interest

Pursuant to the Agency Agreement, the Fund has retained the services of Integrated-Equities Inc. (“**IEI**”), a registered exempt market dealer in the Provinces of Ontario and Saskatchewan, to assist in marketing, arranging, and facilitating the completion of, the sale of the Offered Securities. The Fund is a related issuer of IEI by virtue of a common influential securityholder. Andrea Vyner holds 25% of the voting securities of the Fund and 100% of the voting securities of IEI. The Fund is also a connected issuer of IEI in that Stephen Dineley serves as the Chief Financial Officer of the Fund and is also a registered dealing representative of IEI. The Fund may also be considered to be a connected issuer of IEI in that Arjun Saraf serves as the Vice President of Finance and Principal Broker of the Manager and is also the chief executive officer, chief compliance officer, ultimate designated person and a dealing representative of IEI.

None of the proceeds of the issuance of the Offered Securities will be applied for the benefit of IEI or any of its related issuers (other than the Fund). Nevertheless, in consideration for its services, IEI charges the Fund work fees equal to \$20,000 per year, plus applicable taxes. Further, IEI is entitled to be reimbursed by the Fund all referral fees payable by IEI to parties that have introduced IEI to prospective investors in the Offered Securities, provided that the referral fee payable under any given referral arrangement between IEI and the referring party does not exceed 6.00% of the gross subscription proceeds received by the Fund pursuant to such referral arrangement, and further provided the Fund approves in advance the form of referral agreement entered into by IEI and the referring party. The Fund is also required to reimburse IEI for all pre-approved expenses relating to IEI acting as placement agent, provided that IEI shall be responsible for its own overhead and administrative costs in connection with acting as placement agent. Notwithstanding the foregoing, the Fund shall reimburse IEI all out of pocket expenses incurred by IEI in connection with approved referral arrangements.

The Fund is a related issuer of the Manager by virtue of common influential securityholders. Each of Andrea Vyner and Jason Vyner holds 25% of the voting securities of the Fund and indirectly holds 50% of the voting securities of the Manager. The Fund is also a connected issuer of the Manager by virtue of common directors and officers in that each of Andrea Vyner and Jason Vyner serve as directors and officers for both the Fund and the Manager. The Fund is also a connected issuer of the Manager by virtue of the Manager’s role in providing management and mortgage administration services as well as consulting and advisory services to the Fund. None of the proceeds of the issuance of the Offered Securities will be applied for the benefit of the Manager. Nevertheless, for its services, pursuant to the Management Agreement, the Manager is entitled to certain management fees as well as reimbursement for expenses properly attributable to the Fund and to be indemnified by the Fund under certain circumstances. **See Section 2.7, “Material Agreements”.**

ITEM 8 : RISK FACTORS

There are certain risks inherent in an investment in the Offered Securities and in the activities of the Fund, which investors should carefully consider before investing in such shares. The following is a summary only of the risk factors. Prospective investors should review the risks relating to an investment in the Offered Securities with their legal and financial advisors.

The Fund advises that prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing the Offered Securities in order to

determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

8.1 General

The purchase of the Offered Securities involves a number of risk factors and is suitable only for investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity.

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

8.2 Investment Risk

Risks that are specific to the Offered Securities being offered under this Offering include the following:

Speculative Investment

The purchase of the Offered Securities involves a number of risk factors and is suitable only for investors who are aware of the risks inherent in mortgage investments and the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity.

Prospectus Exemption

This Offering is being made pursuant to exemptions from the prospectus and registration requirements of applicable securities legislation. As a consequence of acquiring the Offered Securities offered hereby pursuant to such exemptions and the fact that no prospectus has or is required to be filed with respect to any of the Offered Securities offered hereby under applicable securities legislation in Canada: (i) you will be restricted from using certain of the civil remedies available under applicable securities legislation; (ii) certain protections, rights and remedies provided in such legislation will not be available to you; (iii) you may not receive information that might otherwise be required to be provided to you under such legislation; and (iv) the Fund is relieved from certain obligations that would otherwise apply under such legislation.

Absence of Market for the Offered Securities

There is no public market through which the Offered Securities may be sold, and the Fund does not expect that any market will develop pursuant to this Offering or in the future. The Offered Securities are not listed on a stock market or quoted on any public market in Canada or elsewhere. The Offered Securities are subject to resale restrictions under applicable securities legislation. **See Item 10, "Resale Restrictions"**.

Retraction Liquidity

The Offered Securities are retractable, meaning that investors have the right to require the Fund to redeem them upon appropriate advance notice from the investor to the Fund and pursuant to the guidelines set forth in **Section 5.1, Securities Offered, Redemption at the Option of the Holder**. The Fund provides no assurance that any holder of the Offered Securities will be able to effect the retraction of any or all of

their shares at any time. Furthermore, retraction of the Offered Securities is subject to the Fund maintaining its status as a MIC, having access to sufficient excess cash or other liquid assets and being in compliance with the applicable corporate, securities and tax legislation.

No Guaranteed Return

There is no assurance that the Fund will be able to pay dividends at the level targeted by the Fund. The funds available for distribution to holders of the Offered Securities will vary according to many factors, notably the interest and principal payments received in respect of mortgage loans held by the Fund. Although mortgage loans made by the Manager are carefully selected, there can be no assurance that such loans will have a guaranteed rate of return to the Fund or that losses will not be suffered on one or more loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change. In the event that additional security is given by the borrower or that a third party guarantees the mortgagor's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Fund whole if and when resort is to be had thereto.

Dilution

The Fund is authorized to issue an unlimited number of the Offered Securities. The proceeds of this Offering may not be sufficient to accomplish all of the Fund's proposed objectives. In addition to alternate financing sources, the Fund may conduct future offerings of the Offered Securities in order to raise the funds required which will result in a dilution of the interests of the holders of the Offered Securities in the Fund and the income or loss from the Fund.

Less than Full Offering

There can be no assurance that the maximum Offering will be sold. In that case, less than the maximum proceeds will be available to the Fund and, consequently, its business development plans and prospects could be adversely affected, since fewer mortgage loans will be granted by the Funds.

Absence of Management Rights

The Offered Securities being sold under this Offering do not carry voting rights, and consequently an investor's investment in the Offered Securities does not carry with it any right to take part in the control or management of the Fund's business, including the election of directors. In assessing the risks and rewards of an investment in the Offered Securities, potential investors should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Fund and the Manager to make appropriate decisions with respect to the management of the Fund, and that they will be bound by the decisions of the Fund's directors and the Manager's directors, officers and employees. It would be inappropriate for investors unwilling to rely on these individuals to this extent to purchase the Offered Securities.

Mortgage Pool Allocation Risk Among Different Classes of Shares

The Fund uses the subscription proceeds from each class of Preferred Shares to acquire and allocate to the respective class of Preferred Shares a discrete pool of mortgages. The pool of mortgages allocated to the Class C Preferred Shares typically attract higher loan loss risk. Defaults on a significant number of loans allocated to the Class C Preferred Shares may affect dividends payable to not only the holders of Class C Preferred Shares but also to the holders of Class O Preferred Shares. If loan defaults are sufficiently widespread, they may also result in the liquidation, dissolution or winding up of the Fund and in those

circumstances, Class O Preferred Shareholders will not have any priority or preference to recover some or all of their subscription amounts ahead of other holders of Preferred Shares.

Leverage

The Manager may from time to time borrow under loans with Canadian chartered banks and others. Any such borrowings add leverage to the investments made by the Manager on behalf of the Fund. **See Section 2.2, “Our Business - The Fund’s Borrowing Strategy”**. As at the date of this Offering Memorandum, the Fund maintains a line of credit with a certain Canadian chartered bank. **See Section 4.2, “Long Term Debt”**. The obligations under such loans may be secured, and while the addition of leverage has the potential to enhance returns, it also involves additional risks. There can be no assurance that the leveraging employed by the Manager will enhance returns, and to the extent that secured lenders realize on their respective collateral, they will have the right to receive distributions in priority to the Fund in addition to the right to seize mortgage assets pursuant to security agreements with the Fund.

Pursuant to the terms of the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment, the Fund will not be permitted to declare dividends on shares or to redeem shares including the Offered Securities unless it is otherwise compliant with the covenants contained in the Senior Loan Agreement, the 2021 Commitment and the 2022 Commitment. **See Section 2.7, “Material Agreements - Loan Agreement”**.

Lack of Separate Legal Counsel

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

Changes in Tax Legislation

Many investors may hold their investment within Deferred Income Plans such as RRSPs, RRIFs and TFSAs. While it is not anticipated the Tax Act as it pertains to registered funds will change, there is always the possibility that it could be altered so the Offered Securities would no longer be eligible investments for such funds. Such changes could have an adverse effect on your investment.

8.3 Fund Risk and Manager Risk

Risks that are specific to the Fund, the Manager include the following:

MIC Tax Designation

Under the articles of the Fund, the business of the Fund is restricted to the business and investment activities permitted to be conducted by a MIC. Consequently, the Fund’s directors are required to use their commercial best efforts to ensure that the Fund qualifies as a MIC pursuant to the Tax Act. The Board of Directors also has the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where, in its view, such would not be in the Fund’s best interests as a MIC under the Tax Act. **There can be no assurance, however, that the Fund will be able to meet the Tax Act’s MIC qualifications at all material times.** As a company qualified as a MIC, the Fund may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Fund on the Offered Securities. Rather, the dividends will be taxable in the hands of holders of the Offered Securities as if they had received an interest payment. If for any reason the Fund fails to maintain its MIC qualification in a particular year, the

dividends paid by the Fund on the Offered Securities would cease to be deductible from the income of the Fund for that year and the dividends it pays on the Offered Securities would be subject to the normal gross-up and dividend tax credit rules. In addition, the Offered Securities might cease to be qualified investments for trusts governed by Deferred Income Plans with the effect that a penalty tax would be payable by the investor.

Reliance on the Manager

In accordance with the terms of the Management Agreement between the Fund and the Manager, the Manager has significant responsibility for assisting the Fund to conduct its affairs. Potential investors should be aware that they will be relying on the good faith, experience and judgment of certain staff of the Manager. Should these staff be unable or unwilling to continue their employment with the Manager, there could be adverse effects on the Fund's business, financial condition and results of its operations which in turn would result in an adverse effect on the dividends targeted, payable and/or paid on the Offered Securities, pending the addition of qualified replacement staff. The competition for such key qualified personnel is intense and there can be no assurance of success in attracting, retaining or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Fund's business, financial condition and results of its operations which in turn would result in a material adverse effect on the dividends targeted, payable and/or paid on the Offered Securities.

Higher Risk Loans

The Fund may enter into agreements with third party institutions and other non-bank lenders which may or may not be related or associated with the Manager whereby the Fund will hold a subordinate position in individual mortgages. Consequently, the Fund may undertake higher risk loans that produce a greater risk of default. Although the Fund performs due diligence with respect to each loan and attempts to reduce the risk by diversification of its portfolio, defaults on significant loans may affect the dividends payable to holders of Preferred Shares.

Impaired Loans

The Fund may from time to time have one or more impaired loans in its portfolio, particulars of which can be obtained by contacting the Fund. The Fund defines loans as being impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which write-downs have been taken or specific loss provisions established. As at the date of this Offering Memorandum, there are no loans considered to be impaired.

Bank Borrowing

The Fund may borrow funds whenever funds are available provided it is economical and prudent to do so. These borrowings may take the form of lines of credit from banks and other lending institutions and promissory notes and other types of debt contracts with individuals and companies, as the case may be. It is probable that debt instruments will form part of a floating charge against the assets and equity of the Fund, and in the event of wind-up, will rank in priority to the outstanding Offered Securities.

Potential Conflicts of Interest

Conflicts of interest exist, and others may arise, between investors and the directors and officers of the Manager and the Fund and their associates and affiliates. There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to investors. Persons considering a purchase of the Offered Securities pursuant to this Offering must rely on the judgment and good faith of

the directors, officers and employees of the Manager and the Fund in resolving such conflicts of interest as may arise.

Doron Noah, who owns 25% of the voting securities of the Fund, is a partner at Macdonald Sager LLP, a Toronto law firm that acts as corporate counsel to the Fund.

Further, the Fund and its shareholders are dependant in large part upon the experience and good faith of the Manager. The Manager is entitled to and does act in a similar capacity for other companies with investment criteria similar to those of the Fund. Several of the Fund's mortgages may be shared with other investors affiliated or associated with the Manager, which parties may include managers, directors or staff of the Fund and the Manager itself.

The Manager may appoint from time to time a licensed realtor related to the Manager (including Andrea Vyner who is a director and officer of the Fund and owns 25% of the voting securities of the Fund and is also a director, officer and controlling shareholder of the Manager) in the event a property must be listed for sale to realize on the Fund's mortgage loan investment. The realtor may earn sales commission, consulting fees, inspection fees, referral fees and other similar fees.

The Fund's investment position may rank either equally with, in priority to, or subordinate to other members of the syndicate or participating investors.

The Fund acknowledges that the Manager, as well as any of its directors, officers, shareholders, employees and affiliates may purchase with their own funds and own as a co-lender a percentage interest in an investment that the Manager presents to the Fund for acquisition, and that the Manager may also sell undivided percentage interests in any such investment opportunities to other co-lenders.

The Fund also acknowledges that the Manager or its affiliates may hold a subordinate position in a mortgage which is presented to the Fund and the rate of return on such subordinated position may vary from the Fund's rate of return which variation will be dependent on the Fund's risk position relative to the other investors.

The decision to undertake this offering and the terms of the offering of the Offered Securities were determined by non-arm's length negotiations upon the recommendation of the Manager in its capacity as the manager of the Fund in consultation with Integrated-Equities Inc.

See also Item 7, Compensation Paid to Sellers and Finders – Conflicts of Interest.

Future Operations and Possible Need for Additional Funds

Certain uninsurable or uninsured events may also occur which can substantially reduce the ability of the Fund to carry on business in a profitable manner, including natural or man-made disasters.

Credit & Concentration Risk

Credit risk is the risk that a counterpart to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. This risk arises principally from mortgages held and also from other receivables. Credit risk is monitored on an on-going basis by the Manager in accordance with policies and procedures in place. The Fund's credit risk exposure is represented by the balance of its accounts receivable, which as at November 30, 2021 is \$102,343,144 and as at February 28, 2022 is \$108,571,799.26.

Concentration risk is the risk that any one borrower (or group of related borrowers) has more than 10% of the balance of the accounts receivable of the Fund or that more than 10% of the Fund's capital is invested in any one mortgage. As at February 28, 2022, no borrower (or group of related borrowers) has more than 10% of the balance of the accounts receivable of the Fund and no more than 10% of the Fund's capital is invested in any one mortgage.

8.4 Industry Risk

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

Investment not Insured

There are certain inherent risks in the real estate industry, some of which the Fund may not be able to insure against or which the Fund may elect not to insure due to the costs of such insurance. The effect of these factors cannot be accurately predicted. Neither the Fund nor the Manager is a member of the CDIC, and the Offered Securities offered hereunder are therefore not insured, in whole or in part, against loss through the CDIC. Moreover, the mortgages held by the Fund are not insured through the Canada Mortgage and Housing Corporation or otherwise.

Priority

Financial charges for construction and other financing funded by conventional third-party lenders may rank in priority to the mortgages registered in favour of the Fund. Although the Fund will have all of the rights of the holder of a subsequent mortgage in this scenario, in the event of default by the mortgagor under any prior financial charge, the Fund may not recover any or all the monies advanced.

Default

If there is default on a mortgage, it may be necessary for the Fund, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing. In those cases, it is possible that the total amount recovered by the Fund may be less than the total investment, resulting in loss to the Fund. The Manager intends to implement a policy of building up a "loan loss reserve" account to absorb such losses but there is no assurance that such losses will not exceed the amount set aside in this account. Equity investment in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Fund's income.

High Recovery Costs

In the event of default by a borrower, it may be necessary for the Fund to engage in foreclosure or other legal proceedings to sell the defaulting borrower's property or to make further payments to complete an unfinished project (including additional costs of a receiver), or to pay off or bring into good standing and maintain prior mortgages. In such cases, it is possible that the total amount recovered by the Fund may be less than the total amount of the loan granted by the Fund to the defaulting borrower.

Yield

The yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, government regulation and tax laws. The Fund and Manager cannot predict the effect that such factors will have on its operations.

Competition

The earnings of the Fund depend on the Manager's ability to locate suitable opportunities for the investment and reinvestment of the Fund's funds and on the yields available from time to time on mortgages and other investments. However, the Manager is competing with many third parties, including other lenders and financial institutions, seeking investment opportunities similar to those sought by the Manager. Such third parties may have greater name recognition and greater financial, managerial and technical resources than the Fund and the Manager, resulting in a reduction in the Fund's share of the market, reduced interest rates on loans and reduced profit margins. There is no assurance the number of mortgages requires to maintain an optimal level of investment will be funded, and this could have an adverse effect on the ultimate return to investors.

Mortgage Renewals

There can be no assurance that any of the mortgages comprising the Fund's mortgage portfolio from time to time can or will be renewed at the same interest rates and terms when the same mature, or in the same amounts as are currently in effect. With respect to each mortgage comprising the Fund's mortgage portfolio, it is possible that the mortgagor, the mortgagee, or both will elect not to renew such mortgage. In addition, if the mortgages in the Fund's mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such mortgages will be subject to negotiations between the mortgagors, the mortgagee, and the Manager at the time of renewal and the terms of refinancing may therefore not be as favourable as the terms of existing indebtedness, which could result in an adverse effect on the expected returns to holders of the Offered Securities.

Composition of Mortgage Portfolio

The composition of the Fund's mortgage portfolio may vary widely from time to time and may be concentrated by type of mortgage, industry, or geographic region, resulting in the mortgage portfolio being less diversified than anticipated. A lack of diversification may result in the Fund being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of mortgage, industry or geographic region.

Nature of the Investments

Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Manager's ability to vary the mortgage portfolio promptly in response to change economic or investment conditions. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Fund may be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Specific Investment Risk for Non-Conventional Mortgage Investments

Non-conventional 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 Fund exercising its rights as mortgagee and may adversely affect the Fund's rate of return, which is directly correlated to the receipt of mortgage payments. Also, the recovery of a portion of the Fund'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 Fund in enforcing its rights as mortgagee against a defaulting borrower are borne by the Fund. Although these fees and costs are often recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, there is no assurance that they will actually be recovered and therefore will result in lower distributions payable to the Fund and in turn reduced returns to holders of the Offered Securities. Due to fluctuations in the housing market and the economy generally, there is a possibility that historical loan default rates may increase and that in any power of sale, the Fund could lose a substantial portion of the principal amount loaned to the borrower. Loan loss reduces the Fund's available cash that is distributed to the Fund and in turn results in reduced returns to holders of the Offered Securities. Excessive loan loss could ultimately result in the Fund sustaining an annual net loss, with the result being that the net asset value of the Offered Securities would be less than the \$1.00 subscription price. In such circumstances, the retraction payment, net of any accrued dividend distributions, would be less than \$1.00. Such an eventuality could also impact the Fund's ability to honour retraction requests, depending on the timing of such requests.

High Loan Ratios

When the Fund is granted a mortgage by the borrower, the ratio of the loan amount to the value of real property encumbered by the mortgage (i.e., the LTV) may be higher than a traditional mortgage lender would approve. In addition, loans approved by the Fund in connection with a development project will be determined on the appraised value of the completed development with advances made on a percentage of completion basis. If a borrower fails to complete its development project, the Fund may not recover a substantial portion of its loan.

Appraisals

As a condition of funding all loans, the Fund and the Manager will either require the production of an appraisal prepared by an accredited appraiser licensed to prepare appraisals in the applicable province of Canada, or in the alternative from time to time the Fund and the Manager may rely upon an opinion of value furnished by a reputable realtor who may be equally or better equipped to provide an accurate evaluation of a particular property as a consequence of specialized expertise relating to that particular type of property or with respect to the particular geographic area in which the subject property is located. However, preparing appraisals and/or real estate valuations is not an exact science, and there is no guarantee that any such appraiser or realtor relied upon by the Fund and the Manager will not make an error notwithstanding the experience, training and qualifications of such person. Such errors could result in the value of the underlying security with respect to any investment being less than what the Fund and the Manager believed it was causing a loss to the Fund.

Changes in Property Values

The Fund's mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may

also depend on the creditworthiness and financial stability of the borrowers and/or the tenants. While independent appraisals are required before the Fund and the Manager may make any mortgage investment, the appraised values, even where reported on an “as is” basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or making of leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and, if and to the extent they are not satisfied, the loan amount may prove to exceed the value of the underlying real property thus resulting in a loan loss if the property must be sold to remedy a mortgage default and thereby affecting adversely the return to holders of the Offered Securities. 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.

Sensitivity to Interest Rates

It is anticipated that the value of the Fund’s mortgage portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Fund’s income will consist primarily of interest payments on the mortgages comprising the Fund’s mortgage portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Fund’s mortgage assets are based), the Fund may find it difficult to make a mortgage loan bearing rates sufficient to ultimately achieve the targeted payment of dividends on the Offered Securities. 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 Fund’s business, financial condition and results of its operations which in turn would result in an adverse effect on the dividends targeted, payable and/or paid on the Offered Securities. Due to the term of the mortgages made by the Fund and the inability to accurately predict the extent to which the Fund’s mortgages may be prepaid, it is possible that the Fund and the Manager may not be able to sufficiently reduce interest rate risk associated with the replacement of such mortgages through new investments in mortgages, thereby potentially affecting adversely the ultimate return to holders of the Offered Securities.

Priority over Security

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

Environmental Liability of a Mortgage

Under various laws, the Fund could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes,

where the Fund has exercised its right of re-entry or foreclosure or has otherwise assumed the control, occupation or management of the property. While the Fund or the Manager will obtain a Phase I environmental audit where there is a reasonable possibility of environmental contamination that might impact the value and marketability of a property, neither the Fund nor the Manager systematically obtains environmental audits for properties subject to mortgages.

8.5 Risks Relating to the 2019 Novel Coronavirus

In December 2019, the 2019 Novel Coronavirus (Covid-19) surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and then characterized it as a pandemic on March 11, 2020. The outbreak has spread globally, causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations, travel restrictions and social distancing, in order to prevent or slow the spread of the virus. While these effects are expected to be temporary, the duration of business disruptions and related financial impact, as well as the timing of when and the extent to which normal and operating conditions are expected to resume, cannot be reasonably estimated at this time. The impacts of the outbreak are not fully known and are rapidly evolving.

The spread of Covid-19 has caused the Fund to modify its business practices (including employee travel, work locations and physical participation in meetings). The Fund will take further action as may be required by governmental authorities or deemed necessary by management of the Fund in response to Covid-19. However, there is no certainty that such measure will be sufficient to mitigate the risks poses by Covid-19 and the Fund's ability to perform critical functions may be adversely impacted.

A local, regional, national or international outbreak of a contagious disease such as Covid-19 could negatively impact local, national and global economies. As a result of Covid-19, global markets are experiencing increased volatility and diminished expectations from, among other things, declining business activities and consumer confidence, increases in unemployment and volatile commodity prices. If the current global market and economic crisis intensifies or continues, real estate markets in Canada may be adversely impacted resulting in decreased property values, reduced interest rates, increases in the number of impaired loans and foreclosures and a general reduction in market activity. Overall, this would jeopardize the security in the real property underlying the Fund's mortgages and result in decreased revenues and increased costs to the Fund which would have a material adverse impact on its business, operating results and financial condition, including but not limited to the Fund's ability to make a profit, lend funds to borrowers, declare and distribute dividends at historical or desirable levels, honour retraction requests and operate as a going concern. This could also cause the Fund to hold foreclosed property for an increased length of time, resulting in increased ongoing expenses or forcing the Fund to sell such foreclosed properties at significant losses to avoid such ongoing expenses.

ITEM 9 : REPORTING OBLIGATIONS

Continuous Disclosure

The Fund is not a 'reporting issuer' under applicable securities legislation, nor will we become a reporting issuer following the completion of the offering. **Consequently, we are not required to send you any documents on an annual or ongoing basis.** Since we are not, and will not become, subject to the continuous disclosure requirements of such securities legislation, we are not required to issue press releases or to send to you our interim and annual financial statements, management's discussion and analysis respecting such statements or annual reports.

However, the *Business Corporations Act* (Ontario) requires us to hold a general meeting of our shareholders in each calendar year and, at the meeting, to provide our shareholders with audited financial statements for the previous financial year.

The Fund is also required to forward to holders of the Offered Securities resident in Alberta, New Brunswick, Ontario, Saskatchewan and Nova Scotia that purchased the Offered Securities under the offering memorandum exemption audited annual financial statements and disclosure regarding the use of the aggregate gross proceeds raised by the Fund under the offering memorandum exemption within 120 days following the end of each fiscal year of the Fund. The fiscal year of the Fund ends on the 30th day of November of each year. Furthermore, the Fund is required to provide notice to holders of the Offered Securities resident in New Brunswick, Nova Scotia and Ontario that purchased the Offered Securities under the offering memorandum exemption within ten (10) days of the occurrence of: (a) a discontinuation of the Fund's business; (b) a change in the Fund's industry; or (c) a change of control of the Fund.

As a matter of policy, the Fund has determined to make available to all holders of the Preferred Shares all reporting information mandated under the offering memorandum exemption in Ontario, even where such holders are resident or otherwise subject to the laws of jurisdiction outside Ontario or have subscribed under another prospectus exemption.

In addition to the foregoing, the Fund will forward to holders of the Offered Securities: (a) within 90 days following an interim period that ends six months before the end of each fiscal year of the Fund, unaudited, management prepared financial statements of the Fund for such semi-annual interim period; (b) within time periods required by applicable laws, all income tax reporting information necessary to enable each holder of the Offered Securities to file a Canadian federal income tax return with respect to its participation in the Fund in such fiscal year, including T5s for investment, as applicable; (c) on the 15th of each month, with a monthly cheque, an account statement showing the total number of the Offered Securities held, income earned in the preceding month and the amount of dividends (or additional Offered Securities if dividends are reinvested); and (d) within the time periods prescribed, any other information or documents required to be provided to the holders of the Offered Securities under applicable securities or other legislation.

All of the interim financial statements and the audited financial statements will also be posted to the webpage www.newhavenmortgageincomefund.com as the same are completed.

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

The Fund will provide for the preparation of accounting, management and other financial reports as well as the keeping and maintain of the books and records of the Fund. The Fund has appointed KPMG LLP to act as auditors of the Fund and to review and report to the holders of the Offered Securities with respect to the financial statements of the Fund as at the end of, and for, each fiscal year provided that the Fund may, at any time and from time to time, change the auditors of the Fund.

Access to Corporate and Securities Information About the Fund

Since we are not a reporting issuer and the Preferred Shares are not publicly traded, no corporate or securities information about us is available from a government, regulatory authority, stock exchange or quotation and trade reporting system. Some securities information about this offering and any previous offerings is available from the Ontario Securities Commission at www.osc.gov.on.ca and any other relevant securities regulatory authority, the contact information for each being accessible from the "Contact Us" page of the website maintained by the Canadian Securities Administrators (CSA) at www.securities-administrators.ca. Further information about us is posted and available for review by shareholders at www.newhavenmortgageincomefund.com or from the Fund at the contact information set out on the face page of this Offering Memorandum.

ITEM 10 : RESALE RESTRICTIONS

The Offered Securities will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Offered Securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, you cannot trade the Offered Securities before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

The Fund will not become a reporting issuer upon completion of this Offering and does not currently anticipate ever becoming a reporting issuer. **The resale restriction on the securities may therefore never expire.**

In addition to the aforementioned resale restrictions, section 130.1(6)(d) of the Tax Act stipulates that a MIC may not have fewer than 20 shareholders and no one shareholder may hold more than 25% of the total issued and outstanding shares of any class of the Fund's capital. Accordingly, under the articles of the Fund, the right to transfer shares of the Fund is restricted and no shares shall be transferred without the written consent of the majority of the Board of Directors of the Fund.

Requests to transfer shares of the Fund will be acceded to by the directors of the Fund provided that the requested transfer of shares does not impair the Fund's status as a MIC or contravene any law, rule, policy or regulation prescribed by any applicable securities commission or the provisions of the OBCA or any other applicable laws. For greater certainty, the terms "transfer" or "transferred" shall not be construed so as to include a tender of shares by a shareholder for the purpose of their retraction by the Fund.

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

ITEM 11 : INVESTORS' RIGHTS

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

The securities laws in your jurisdiction may provide you with the right, in certain circumstances, to seek damages or to cancel your agreement to buy the Offered Securities. These rights, or notice with respect to these rights, must be exercised or delivered, as the case may be, by the investor within the time limits prescribed by applicable securities legislations. While most of these rights are available if we make a misrepresentation in the Offering Memorandum or any amendment hereto, in some jurisdictions, you may have these rights in other circumstances including if the Fund fails to deliver the Offering Memorandum

to you within the required time or if we make a misrepresentation in any advertisements or literature regarding the Offered Securities. Generally, a “misrepresentation” is defined in the applicable securities legislation to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. The meaning of misrepresentation may differ slightly depending on the law in your jurisdiction. In most jurisdictions, there are defenses available to the persons or companies that you may have a right to sue. In particular, in many jurisdictions, the person or company that you sue will not be liable if you knew of the misrepresentation when you purchased the Offered Securities.

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

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

Two Day Cancellation Right – All Jurisdictions

You can cancel your agreement to purchase the Offered Securities. To do so, you must send a written notice to the Fund by midnight on the 2nd business day after you sign the agreement to buy the Offered Securities.

Statutory Rights of Action

Investors Resident in Alberta, British Columbia, Newfoundland and Labrador, and Nova Scotia

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or
- (b) for damages against the Fund, every director of the Fund at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Offered Securities. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentation and three (3) years from the date of the Fund having accepted your subscription to purchase the Offered Securities.

Investors Resident in Manitoba

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or

- (b) for damages against the Fund, every director of the Fund at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Offered Securities. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentation and two (2) years from the date of the Fund having accepted your subscription to purchase the Offered Securities.

Investors Resident in New Brunswick

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or
- (b) for damages against the Fund and a selling security holder on whose behalf the distribution was made.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Offered Securities. You must commence the action for damages within the earlier of one (1) year after learning of the misrepresentation and six (6) years from the date of the Fund having accepted your subscription to purchase the Offered Securities.

Investors Resident in Northwest Territories, Nunavut, Prince Edward Island and Yukon

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or
- (b) for damages against the Fund and selling security holder on whose behalf the distribution was made, every director of the Fund at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within three (3) years after you signed the agreement to buy the Offered Securities. You must commence the action for damages within three (3) years after learning of the misrepresentation.

Investors Resident in Ontario

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or
- (b) for damages against the Fund and a selling security holder on whose behalf the distribution was made.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Offered Securities. You must commence the action for damages within the earlier of 180 days after learning of the misrepresentation and three (3) years from the date of the Fund having accepted your subscription to purchase the Offered Securities.

Investors Resident in Quebec

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

- (a) the Fund to cancel your agreement to buy the Offered Securities or have the purchase price for the Offered Securities revised; or
- (b) for damages against the Fund and selling security holder on whose behalf the distribution was made, every officer and director of the Fund, every person or company who signed this Offering Memorandum, every expert whose opinion containing a misrepresentation was filed respecting this Offering Memorandum, and every person or company that sold securities on behalf of the Fund or selling security holder under this Offering Memorandum.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within three (3) years after you signed the agreement to buy the Offered Securities. You must commence the action for damages within three (3) years after learning of the misrepresentation.

Investors Resident in Saskatchewan

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

- (a) the Fund to cancel your agreement to buy the Offered Securities; or
- (b) for damages against the Fund and a selling security holder on whose behalf the distribution was made, every promoter and director of the Fund or the selling security holder at the time this Offering Memorandum was sent or delivered, every person or company whose consent was filed

respecting this Offering Memorandum (but only with respect to reports, opinions or statements that have been made by them), every person or company who signed this Offering Memorandum, and every person or company that sold securities on behalf of the Fund or selling security holder under this Offering Memorandum.

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

If you intend to rely on the rights described in (a) and (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to buy the Offered Securities. You must commence the action for damages within the earlier of one (1) year after learning of the misrepresentation and six (6) years from the date of the Fund having accepted your subscription to purchase the Offered Securities.

General

The securities laws of the Provinces and Territories of Canada are complex. References should be made to the full text of the provisions summarized above relating to statutory rights of action. **Investors should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies which investors may have at law.**

ITEM 12 : FINANCIAL STATEMENTS

The audited financial statements of the Fund accompanied by the Form 45-106F16 Notice of Use of Proceeds for the fiscal year ended November 30, 2021 are set forth below.

ITEM 13 : DATE AND CERTIFICATE OF THE ISSUER

Dated the 31st day of March, 2022.

This Offering Memorandum does not contain a misrepresentation.

NEW HAVEN MORTGAGE INCOME FUND (1) INC.

(signed) "*Jason Vyner*"
President and Director

(signed) "*Stephen Dineley*"
Chief Financial Officer

**On behalf of the Board of Directors of
New Haven Mortgage Income Fund (1) Inc.**

(signed) "*Jason Vyner*"
President and Director

(signed) "*Andrea Vyner*"
Secretary-Treasurer and Director

Statements made in this Offering Memorandum are those of the issuer. No person is authorized to give any information or to make any representation in connection with this offering other than as referred to in this Offering Memorandum, and any information or representation not referred to in this Offering Memorandum must not be relied upon as having been authorized by the issuer.

SCHEDULE "A"
SUBSCRIPTION AGREEMENT

See attached.

SCHEDULE "B"

ENROLLMENT FORM FOR DIVIDEND REINVESTMENT PLAN

(For use by investors holding their preferred shares of the Fund as direct registered and beneficial holders, or in "client name")

TO: NEW HAVEN MORTGAGE INCOME FUND (1) INC. (the "**Fund**")

AND TO: NEW HAVEN MORTGAGE CORPORATION (the "**Manager**")

This is my application for enrolment in the New Haven MIC Dividend Reinvestment Plan (the "**Plan**").

Registered Holder Name(s): _____
Address: _____

Telephone: _____
Fax: _____
Email: _____

I agree to participate in the Plan and authorize and direct the Fund and the Manager to apply amounts otherwise payable to me as dividends paid monthly on my Class _____ Preferred Shares to purchase additional Preferred Shares of the same class and/or series (the "**Plan Shares**") in accordance with the terms and conditions set forth in the Plan.

I understand that I may terminate my participation in the Plan at any time by notifying the Fund or the Manager in writing.

(Please mark the appropriate box)

1. **Full Dividend Reinvestment** – Please invest all (100%) of the dividends paid on the Class _____ Preferred Shares registered in the name(s) of the undersigned in additional Preferred Shares of the same class and/or series.

2. **Partial Dividend Reinvestment** – Please invest _____% of the dividends paid on the Class _____ Preferred Shares registered in the names(s) of the undersigned in additional Preferred Shares of the same class and/or series and pay the balance to me in cash.

Signature

Completing and returning the form

Please print clearly. When a registered shareholder has completed this enrolment form, it should be returned to the Fund at the following address:

New Haven Mortgage Income Fund (1) Inc.
1220 Sheppard Avenue East, Suite 206
Toronto, Ontario, M2K 2S5
Tel: 1-866-996-8226
Fax: 1-866-784-6385
Website: www.newhavenmortgageincomefund.com