

CONFIDENTIAL OFFERING MEMORANDUM

DATE: October 31 2021, amending previously provided offering memorandums from July 31 2021 and onwards

THE ISSUER: NEST CAPITAL MORTGAGE INVESTMENT CORPORATION (the "Corporation" or "Nest")

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Currently Listed or Quoted: **These securities do not trade on any exchange or market.** The Corporation is not currently listed or quoted on any stock exchange.

Reporting Issuer: No

SEDAR filer: No

THE OFFERING: Continuous Private Placement Offering

Securities offered: Up to 50,000,000 Class A Preferred Shares (also referred to as the "Preferred Shares")

Price per security: \$1.00 per Preferred Share.

Minimum/Maximum offering: **There is no minimum offering. You may be the only purchaser.**
The maximum offering is \$50,000,000 (50,000,000 Preferred Shares)
Funds available under the offering may not be sufficient to accomplish our proposed objectives.

Minimum Subscription amount: The minimum subscription amount is \$1,000.00 (1,000 Preferred Shares). However, a higher amount may be required depending on the jurisdiction where you live, and the prospectus exemption relied on within the meaning of applicable securities laws and regulations. In addition, the Corporation has the discretion to waive or change the minimum from time to time so long as it is in compliance with the prospectus exemption relied on. See ITEM 5, Securities Offered, particularly subsection 5.2, Subscription Procedure and subsection 5.3, Statutory Exemptions Relied Upon by the Issuer.

Payment terms: Certified cheque, bank draft or e-transfer or as advised by the selling agent in full payment of the subscription price for the Preferred Shares subscribed for is due upon execution and delivery of a Subscription Agreement and related subscription documentation. See SCHEDULE "A".

Proposed Closing Date(s): The first Closing is expected to occur on or about February 28 2020 or such other date as may be determined by the Corporation. Subsequent closings may take place at later dates as may be determined by the Corporation and will be continuous with the ongoing operations of the Corporation.

Tax consequences: There are important tax consequences to these securities. You should consult your own professional tax advisors to obtain advice respecting the tax consequences applicable to you. See ITEM 6.

Selling agents: Fundscrapper Capital Inc. and TokenGX Inc. The Corporation may add more Selling Agents in the future.

Resale Restrictions:

You will be restricted from selling your securities for an indefinite period. See ITEM 19.

Purchaser's Rights:

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 10.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See ITEM 7.

SCHEDULES

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

Schedule "A"	-	Subscription Agreement
Schedule "B"	-	Dividend Reinvestment Plan

GENERAL DISCLAIMERS

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Prospective investors should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Corporation or the securities offered herein and any such information or representation must not be relied upon.

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.

THIS IS A SPECULATIVE OFFERING. An investment in the securities must be regarded as highly speculative due to the nature of the Corporation's business and its relatively early stage of development. Purchasers must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The securities are suitable only for purchasers who are able to accept the risks inherent in the Corporation's business. In addition, there are a number of other risk factors that should be considered by persons proposing to make an investment in the securities. **Purchasers should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See ITEM 7.**

FORWARD LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "budget", "plan", "forecast", "potential", "intend" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although management of the Corporation believes that the expectations reflected in such forward-looking statements are reasonable and represent the Corporation's expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Corporation's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, in addition to those factors discussed or referenced in "*ITEM 7: Risk Factors*". These factors should not be considered exhaustive. Many of these risk factors are beyond the Corporation's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon our assessment of all information available at that time.

The forward-looking statements made herein relate only to events or information as of the date of this Offering Memorandum and are expressly qualified by this cautionary statement. Except as required by law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

CURRENCY

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

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DEFINITIONS

In this Offering Memorandum, unless the context otherwise requires, capitalized words and phrases shall have the meaning set forth below.

"**affiliate**" and "**associate**" each have the meaning ascribed thereto by the *Securities Act* (Ontario) and means generally under common ownership;

"**Agency Agreement**" as of the date of this Offering Memorandum Nest has retained the services of Fundscraper Capital Inc. and TokenGX Inc. as exempt market dealers, and has entered into agency agreements between the Corporation and the exempt market dealers;

"**Applicable Securities Laws**" means, collectively, all applicable securities laws of the Selling Jurisdictions and the respective regulations, rules, policies and orders thereunder together with all applicable published orders and rulings of the Securities Regulatory Authorities in such jurisdictions;

"**Business Day**" means any day other than Saturday, Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated to close;

"**CDIC**" means Canada Deposit Insurance Corporation;

"**Closing**" means the day or days upon which the securities are issued to the Subscribers pursuant to the Offering;

"**Closing Date**" means the closing of the Preferred Shares offered hereby, which it is anticipated to occur on or about January 31, 2020 or such later or earlier date(s) as may be determined by the Corporation and on a continuing basis thereafter in accordance with the operations of the Corporation;

"**CMHC**" means the Canada Mortgage and Housing Corporation;

"**Commercial Mortgages**" means mortgages that are principally secured by multi-family housing projects, residential land developments and income-producing properties that have retail, commercial, service, office and/or industrial uses;

"**Common Share**" or "**Common Shares**" means, respectively, one or more common voting shares in the capital of the Corporation;

"**Corporation**" or "**Nest**" means Nest Capital Mortgage Investment Corporation, a corporation incorporated under the laws of the Province of Ontario;

"**First Mortgage**" means a mortgage having first priority over all other security interests registered against the same real property used to secure such mortgage. The maximum loan-to-value ratio ("LTV") for any particular mortgage investment will vary depending on a number of factors including the location and marketability of the property and appraisal by a qualified appraiser and the condition of the property;

"**Management Agreement**" means the management agreement dated June 4, 2020 between the Corporation and the Manager;

"**Manager**" means Nest Capital Mortgage Administrator Inc., a corporation incorporated under the laws of Ontario and a licensed mortgage administrator with the Financial Services Regulatory Authority of Ontario bearing license number 12901;

"**Manager Services**" shall have the meaning ascribed thereto under "*ITEM 2 - Business of the Corporation – Our Business - Management Agreement*";

"**MIC**" means a mortgage investment corporation as defined in subsection 130.1(6) of the Tax Act;

"**Mortgage Administrator**" means the Manager;

"**Mortgage Loans**" means mortgages granted to the Corporation, Mortgage Administrator or their affiliates, as security for loans by builders, developers and owners of commercial and residential real estate located in Canada;

"Mortgage Services Agreement" means the Management Agreement;

"NHA" means the National Housing Act (Canada), as amended from time to time;

"NI 45-106" means National Instrument 45-106 - *Prospectus Exemptions*, as may be amended from time to time;

"OBCA" means the *Business Corporations Act* (Ontario), as amended from time to time;

"Offering" means the offering of Preferred Shares described herein and any amendment hereto;

"Offering Memorandum" means this confidential offering memorandum, including any amendment hereto or thereto;

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"Preferred Share" or **"Preferred Shares"** means, the Class A Preferred Shares in the capital of the Corporation;

"Redemption Price" shall have the meaning ascribed thereto in Section 5.1;

"Resident" means a Person (other than a partnership) that is resident in Canada for the purposes of the Tax Act, and a "Canadian partnership" as defined in the Tax Act;

"Residential Mortgages" means mortgages that are principally secured by mortgage registrations on residential property titles or residential leaseholds;

"Second Mortgage" means a second priority mortgage for which the principal amount, at the time of commitment, falls subsequent to the first mortgage having priority on the same real property secured by such second mortgage. 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 an appraisal by qualified a appraiser and the condition of the property;

"Securities Regulatory Authorities" means, collectively, the securities commissions or similar securities regulatory authorities in the Selling Jurisdictions;

"Selling Jurisdictions" means the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario, and such other jurisdictions as the Corporation may determine;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Stock Exchange" means any prescribed stock exchange upon which the securities of the Corporation may become listed and posted for trading;

"Subscriber" means a subscriber for Preferred Shares pursuant to this Offering;

"Subscription Agreement" means the form of subscription agreement for Preferred Shares accompanying this Offering Memorandum;

"Subscription Price" means the subscription price of \$1.00 per Preferred Share as determined by the Corporation;

"Tax Act" or **"ITA"** means the *Income Tax Act* (Canada) and the regulations thereunder, each as amended from time to time;

"United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as amended; and

"\$" means Canadian Dollar.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the net proceeds of the Offering after deduction of the costs associated with the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this Offering	\$0	\$50,000,000
B	Selling commissions and fees	N/A	\$0 ⁽¹⁾⁽²⁾
C	Estimated Offering costs (e.g. legal, accounting, audit and marketing)	N/A	\$0 ⁽¹⁾
D	Available funds: $D = A - (B+C)$	N/A	\$50,000,000
E	Additional Sources of Funding Required	N/A	\$0
F	Working Capital Deficiency	N/A	\$0
G	Total: $G=(D+E)-F$	N/A	\$50,000,000

Note:

- (1) We may sell the Preferred Shares through various registered dealers such as an exempt market dealers in various provinces of Canada. Registered dealers may form a sub-agency group that includes other qualified dealers lawfully authorized to sell the Preferred Shares in one or more of the Selling Jurisdictions and will determine and pay the fees payable to such dealers. These dealers may be paid selling commissions of up to 5% of the subscription price of the Preferred Shares. Any other fees payable to such dealers will be paid directly by the contracted dealer with the Corporation or on behalf of the exempt market dealers generate under the Agency Agreement. As of the date of this Offering Memorandum the appointed dealers are as listed above in the summary page under Selling agents, and as referred to in the above definition for Agency Agreement and as further explained under ITEM 7 – Compensation Paid to Sellers and Finders. Furthermore, as of the date herein, the Mortgage Administrator or Manager is responsible for paying all Selling commissions and fees as well as the Estimated Offering costs from its own Fees for its services provided to the Corporation as described below in section 2.2 below under the sub-header, Management Agreement.
- (2) A sales commission (or fee) will not be payable to the Issuer when you purchase Preferred Shares. However, if you acquire Preferred Shares through a registered dealer, your dealer may charge you a sales commission or fee at a rate to be negotiated between you and your dealer.

1.2 Use of Available Funds

The Corporation will use all available funds to develop the business of the Corporation by investing in mortgage investments in accordance with the policies and guidelines set out under "ITEM 2 - Business of the Corporation – Our Business".

Description of intended use of available funds in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Investing in residential and commercial mortgage investments and loans secured by real estate property located in Canada ⁽¹⁾	\$0	\$50,000,000
TOTAL	\$0	\$50,000,000

Note:

- (1) From time to time, funds that are not invested in residential and commercial mortgage investments and loans will be placed in short term deposits, bank deposit accounts, GICs, and CDIC insured investments.

1.3 Reallocation

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

1.4 Working Capital Deficiency

As at the date of this Offering Memorandum, the Corporation did not have a working capital deficiency.

ITEM 2 BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated under the laws of the Province of Ontario on April 5, 2017.

The head and principal office of the Corporation is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 and its registered office is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 .

The Corporation is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any Stock Exchange.

2.2 Our Business

General

The Corporation intends to qualify and carry on business as a Mortgage Investment Corporation (MIC) under the Tax Act. This effectively will enable the Corporation to operate as a tax-free "flow through" conduit of profit to its shareholders since it does not pay income taxes on net earnings from which dividends are paid.

Our business objective is to obtain a secure stream of income by optimizing its investment portfolio within the MIC criteria mandated by the Tax Act. These criteria provide, among other things, that one of the primary investments a MIC may make is Mortgage Loans secured by residential properties or leaseholds.

Our primary business is earning income through investing in mortgages. There is an established need for real estate mortgage financing that is not readily provided by banks, trust companies, credit unions and other traditional lenders. Short term mortgage financing is a continuing need of individuals, builders and real estate developers and because of their need for flexibility and quick response, they often require the services of private lenders and organizations such as the Corporation.

Our income will primarily consist of our portion of the interest or distributions generated from our investments. As a MIC, we are allowed to deduct dividends that we pay from our income. Subject to such working capital or reserve requirements as the directors of the Corporation determine are necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Corporation and for the conduct, promotion and protection of the business and activities of the Corporation, its assets and shareholders, the Corporation currently intends to distribute to its shareholders substantially all of its net income and net realized capital gains as dividends within the time period specified in the Tax Act with the result that we will not pay any income tax.

Our mortgage portfolio will mainly consist of residential with the option of commercial financing.

We will enter into First Mortgage, Second Mortgage and Third Mortgage agreements with qualified mortgagors with such mortgages to be secured by the mortgagors' equity in residential and commercial properties and the terms of such mortgages will be consistent with terms of conventional mortgages having the usual and necessary provisions to constitute a full mortgage in good standing, properly registered in the appropriate Land Titles Offices and having real property as the primary security for the mortgages. We will give priority to higher interest rate mortgages to prospective mortgagors who cannot obtain mortgage funding through more conventional sources. On a case by case basis mortgages may be secured against more than one property as cross collateral to secure our priority and equity.

We may purchase interests in syndicated mortgages in which we participate with one or more lenders. Syndication may be on a *pari passu* basis or on a subordinated basis or on a preferred basis. Participating in syndicated mortgages reduces our investment and corresponding exposure in any one mortgage investment.

A syndicated mortgage investment may also be structured as a securitized mortgage. We may create securitized mortgages in its existing established markets and in lower rate markets. The lower rate market is comprised of projects which, because of their features and market conditions have lower perceived risk and; accordingly, are funded at lower interest rates. In order to take advantage of this lower rate market, we may syndicate these mortgages by offering priority and subordinated investment positions in the mortgage and fixing the rate of return for each position, thereby creating a securitized mortgage. Each position within a securitized mortgage will have a different fixed rate of return going from a lower rate for the first position to higher rates on a graduated basis for the subordinate positions and a different priority position in respect of payments of interest, other distributions and returns of capital. The Manager will have sole discretion to set and adjust the fixed rates of return for all participating interests it offers in securitized mortgages and may adjust the rates offered from time to time or at regular intervals to meet changing circumstances. The Mortgage Administrator may also enter into agreements with securitized mortgage participants from time to time setting and governing priorities and the relationship among the participants. If we invest in securitized mortgages offered by the Mortgage Administrator, we will invest in a position in the mortgage that conforms with our investment policies at the time.

As of the date herein the current portfolio of mortgages for the MIC consists of the following as of September 30 2021:

- a)..... The average interest rates payable under the mortgages, weighted by the principal amount of the mortgages is 11.48%;
- b) The average of the terms to maturity of the mortgages, weighted by the principal amount of the mortgages is 12 months;
- c)..... The average loan-to-value ratio of the mortgages, calculated for each mortgage by dividing the total principal amount of the MIC's mortgage and all other loans ranking in equal or greater priority to the MIC's mortgage by the fair market value of the property, weighted by the principal amount of each mortgage is 78.0%;
- d) The principal amount, and the percentage of the total principal amount of the mortgages, that rank in the following:
 - a. first priority is 14.95%
 - b. second priority 82.63%
 - c. and third or lower priority 2.42%
- e)..... The principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each jurisdiction of Canada, each state or territory of the United States of America and each other foreign jurisdiction is 100% Ontario.;
- f) A breakdown by property type, and the principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each property type is 100% residential;
- g) With respect to mortgages that will mature in less than one year of the date of the summary provided herein, the percentage that those mortgages represent of the total principal amount of the Mortgages is 100%;
- h) With respect to mortgages with payments more than 90 days overdue, the number of those mortgages, the principal amount of those mortgages, and the percentage that those mortgages represent of the total principal amount of the mortgages is 1 mortgage with a total principal amount of \$17,000, representing 0.09% of the total principal amount of the portfolio of mortgages.;

- i) With respect to mortgages that have an impaired value, the principal amount, and the percentage that those mortgages represent of the total principal amount of the mortgages is ___Nil. Management has provisioned \$69,894 for loan loss as of September 30 2021.;
- j) The credit scores of the borrowers range from approximately 500 to 850.
- k) For the following mortgages that comprises 10% or more of the total principal amount of the mortgages – Not applicable. As of September 30 2021, the Corporation does not hold any mortgage that represents 10% or more of the portfolio.:

The Manager may generate additional revenue, including bonuses, due diligence charges, lending fees, administrative set up fees, renewal (mortgage extension) and discharge fees, mortgage guarantees and mortgage stand-by fees.

The Tax Act's MIC criteria permit revenue sources other than mortgages, including, among other things, equity investments in real estate and investments in stocks and securities of Canadian companies. Notwithstanding our ability to invest in the array of investments allowed under the Tax Act, it is our policy to invest its non-CDIC (e.g. bank deposit) holdings in mortgages secured by Canadian real estate property, primarily residential real estate 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.

To the extent that our funds are not invested in mortgages from time to time, they will be held in cash deposited with a Canadian chartered bank or will be invested in short term deposits, savings accounts or government guaranteed income certificates so that we maintain a level of working capital for its ongoing operations considered acceptable by the directors of the Corporation.

We have exclusively appointed the Mortgage Administrator under the Mortgage Services Agreement to use its reasonable efforts to originate, source or arrange for us eligible investments that meet our investment policies at the time we initially invest. We will not actively employ resources to actively seek or originate mortgages for investment and relies exclusively on the expertise of the Mortgage Administrator for a regular flow of investment opportunities. See "*ITEM 2 - Business of the Corporation – Our Business - Mortgage Services Agreement*".

We have also appointed the Manager as our investment fund manager and mortgage administrator pursuant to the Management Agreement. The Manager will be responsible for managing our business, operations and affairs but will not provide advice with respect to our mortgage investment portfolio. See "*ITEM 2 - Business of the Corporation – Our Business - Management Agreement*".

We intend to conduct business initially in the Province of Ontario. We may expand our business into other provinces, and if so we will apply, if necessary, to become registered under corporate and applicable mortgage brokering legislation to carry on business as a MIC in such provinces.

Investment Policies and Business Development

Our mortgage portfolio composition will vary over time depending on the Corporation's and the Mortgage Administrator's assessment of the appropriate strategy given overall market conditions and outlook. The Corporation and the Mortgage Administrator will endeavor to build a mortgage portfolio that encompasses the following general characteristics:

- (a) property type and geographical diversification;
- (b) short term loans, intermediate term loans and long-term loans;
- (c) payment schedules primarily of interest only; and
- (d) loans in Canadian dollars on primarily Canadian based real estate.

Operating Policies

We have established certain restrictions on investments that may be made by us as follows:

1. We may invest only in Residential Mortgages and Commercial Mortgages. Investments will be made by purchasing interests in mortgages offered for sale by the Mortgage Administrator.
2. We will invest primarily in First Mortgages, and Second Mortgages.
3. A First Mortgage may not exceed 80% of the appraised value of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.
4. A Second Mortgage may not exceed 80% to 85% (in certain circumstances from time to time) of the appraised value (net of any First Mortgage) of the underlying real property securing the mortgage, as determined by a qualified appraiser and calculated at the time of commitment.
5. Mortgages in which we invest may contain clauses permitting the mortgagor, when not in default, to renew the mortgage for additional terms at the sole discretion of the Mortgage Administrator and not the borrower.
6. We may participate in mortgages on a syndication basis.

Investment Guidelines

In addition, we have established the investment guidelines set out below that are consistent with the provisions of the Tax Act and real estate legislation applicable to us. See "*ITEM 6 - Income Tax Consequences and RRSP Eligibility*".

1. Our only undertaking will be to invest our funds in accordance with its investment objectives, strategies and restrictions.
2. All mortgages will, following funding, be registered on title to the subject property in the Corporation's name, the Manager, the Mortgage Administrator, or its affiliates, or a nominee for the Corporation, the Manager or the Mortgage Administrator.
3. All mortgage investments will be made initially in established or developing areas in the Provinces of Ontario.
4. We will attempt to maintain at least 50% of our assets in investments in mortgages over residential real estate or residential leaseholds in Canada.
5. No more than 25% of our assets will be invested in mortgages over commercial and industrial real estate.
6. We will aim to invest in mortgages on properties for which we have reviewed and evaluated an independent appraisal.
7. If the independent appraisal reports an appraised value for the real property securing the mortgage other than on an "as is basis", we will advance funds under a loan by way of progress payments upon completion of specified stages of construction or development supported by receipt of reports of professionals, architects or quantity surveyors, as applicable, or upon completion of other specified milestones.
8. So long as we are able to, or have qualified as a MIC, we will not make any investment that would result in us failing to qualify as a MIC or which investment would impair our status as a MIC.
9. Subject to paragraph 13 below, we will not invest in securities, guaranteed investment certificates or treasury bills unless such securities, guaranteed investment certificates or treasury bills are issued by an arm's-length party and are pledged as collateral in connection with mortgage investments or obtained by realizing on such collateral.
10. We will not invest for the purposes of exercising control over management of any company.
11. We will not make short sales of securities or maintain a short position in any securities.
12. We will not guarantee the securities or obligations of any person.
13. To the extent that our funds are not invested in residential and commercial mortgage investments and bridge loans, the funds will be placed in short term investments so as to maintain a level of working capital for our ongoing operations considered acceptable by our directors.

If, due to a change in the provisions of the Tax Act or other legislation applicable to us, any of the foregoing restrictions require amendment in order to comply with such change in legislation, our directors may make such change and such change will be binding on us. In addition, the foregoing restrictions may be changed at any time (so long as such change complies with applicable legislation) if the change is approved by a special resolution (as such term is defined in the OBCA) of our shareholders.

Mortgage Services Agreement

Under the Mortgage Services Agreement, we have appointed the Mortgage Administrator to directly or indirectly, originate, source or arrange investments for acquisition by us on a fully serviced basis. The Mortgage Administrator has agreed to this appointment and in connection therewith will be required, among other things, to:

- use its reasonable efforts to originate, source or arrange investments for acquisition by us; and
- in connection with those investments acquired by us:
 - (i) service and administer the investments, including holding our interest in an investment as nominee and bare trustee for and on our behalf, subject to receipt of funds, completing progress or other advances under an investment, monitoring an investment, including tracking the status of outstanding payments, grace periods and due dates, and the calculation and assessment of other applicable charges relating to an investment, making reasonable efforts to collect all payments on account of principal or interest or other distributions payable on an investment and causing the borrower to perform its obligations under the investment, maintaining records and accounts in respect of each investment, remitting to us all amounts received on account of our interest in an investment, and on a monthly basis forwarding to us a monthly report in respect of all of our investments being serviced by the Mortgage Administrator;
 - (ii) investigate, select and conduct relations with borrowers, lenders, consultants, lawyers and other mortgage and investment participants, such as custodians, collection agents, insurers, managers and builders and developers; to employ, retain and supervise such persons and the services performed or to be performed by such persons and to substitute any such party or itself for any other such party or for itself;
 - (iii) provide those services as may be required relating to the collection, handling, prosecuting and settling of any claims in respect of our investments, including foreclosing and otherwise enforcing mortgages and other liens and security interests securing our investments;
 - (iv) act on our behalf as our nominee or agent in connection with acquisitions or dispositions of our investments, the execution of deeds, mortgages or other instruments in writing for or on our behalf and the handling, prosecuting and settling of any claims relating to our investments;
 - (v) deliver to us reports from time to time and provide any other information or documentation relating to the administration and servicing of such of our investments as we may reasonably request; and
 - (vi) generally perform such other acts as a commercial mortgage loan administrator would perform in the administration of our investments.

The Mortgage Administrator has agreed to fulfill the role and provide the services set out in the Mortgage Services Agreement in an honest and diligent manner, in good faith and to the best of its ability. The Mortgage Administrator has further agreed to service our investments in the same manner, and with the same care, skill, prudence and diligence, with which it services and administers its current mortgage loans, giving due consideration to customary and usual standards of practice employed by commercial mortgage loan administrators with respect to loans comparable to our investments and to exercise reasonable business judgment in accordance with applicable law to maximize recovery under our investments. The Mortgage Administrator will at all times comply with all laws, rules, regulations, ordinances, policies and guidelines applicable to the Mortgage Administrator and the Corporation, including obtaining and maintaining all necessary licenses, permits, consents and approvals under all applicable federal and provincial laws which are necessary or which may from time to time be required to permit the Mortgage Administrator to perform its obligations to the Corporation. However, without our specific

authorization, the Mortgage Administrator does not have the power to and will not enter into agreements or arrangements creating obligations of the Corporation.

Under the Mortgage Services Agreement, the Mortgage Administrator is responsible for all of its internal costs incurred in originating, sourcing, arranging and offering investments for sale to us. We are responsible for our taxes, legal, accounting, audit, operating, offering, management and administration fees and expenses, and fees and expenses associated with the acquisition, registration, disposition, holding, collection and enforcement of our investments.

Pursuant to the Mortgage Services Agreement, the Mortgage Administrator is allowed to engage such persons as the Mortgage Administrator deems appropriate in connection with its performance of the services and to delegate any of its powers and duties under the Mortgage Services Agreement, provided that the Mortgage Administrator has agreed to at all times monitor the activities of such persons and be at all times responsible for the performance of such services, powers and duties in a manner consistent with the Mortgage Services Agreement.

The Mortgage Administrator shall not be liable in any way for any default, failure or defect in any of our investments if it has satisfied the duties and standard of care, diligence and skill set forth in the Mortgage Services Agreement. However, the Mortgage Administrator shall be liable to us for any loss, damage, claim, cost charge, expense or liability resulting from the Mortgage Administrator's willful misconduct, bad faith, negligence or disregard by the Mortgage Administrator of the Mortgage Administrator's duties or standard of care, diligence and skill prescribed by the Mortgage Services Agreement or a material breach or default of the Mortgage Administrator's obligations under the Mortgage Services Agreement.

In addition, whether the claim be in tort, contract or otherwise, the Mortgage Administrator will only be liable to us for actual damages incurred by us and only to the extent that such actual damages are equal to or less than the amount paid to the Mortgage Administrator under the Mortgage Services Agreement and the Mortgage Administrator shall not be liable to us for any consequential, special, indirect, incidental, exemplary, punitive or similar damages, or lost profit or revenue, or failure to realize expected benefits, capital, revenues, income, profits or savings, relating to the provision or conduct by the Mortgage Administrator of its services, duties and obligations under the Mortgage Services Agreement.

If, notwithstanding the provisions of the Mortgage Services Agreement, the Mortgage Administrator or any of its directors, officers, employees, consultants or agents shall be held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of us, or, subject to the provisions of the Mortgage Services Agreement, any action taken or omitted or in connection with our affairs, the Mortgage Administrator and its directors, officers, employees, consultants or agents shall be entitled to indemnity and reimbursement out of our property and assets to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including without limitation, the fees and disbursements of counsel. The Mortgage Administrator has agreed that it shall only look to our property and assets for satisfaction of any claims arising out of or in connection with the Mortgage Services Agreement.

The Mortgage Services Agreement is for an indefinite term. The Mortgage Services Agreement may be terminated by either party immediately in the event of: (i) the commission by either party of any fraudulent act; (ii) either party becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors; (iii) conviction of either party for a criminal offence; (iv) conduct by either party that is materially damaging to the other party and contrary to the terms of the Mortgage Services Agreement; (v) material breach of the Mortgage Services Agreement by a party; (vi) material misrepresentation by a party; or (vii) material failure by a party to perform its duties as described in the Mortgage Services Agreement within ten days of written notice by the other party.

The Mortgage Services Agreement may also be terminated at any time by the Corporation on 30 days' written notice or at any time by mutual consent in writing. In addition, the Mortgage Administrator may resign and the Mortgage Services Agreement may be terminated upon 60 days' notice by the Mortgage Administrator to the Corporation.

The Mortgage Administrator

The Mortgage Administrator was incorporated under the laws of Ontario on April 5, 2017. The head office of the Mortgage Administrator is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 and the registered office of the Mortgage Administrator is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9.

The Mortgage Administrator is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any Stock Exchange.

The Mortgage Administrator is not at arm's length to the Corporation in that all of the directors or officers of the Mortgage Administrator, are also directors or officers of the Corporation. See "*ITEM 3 - Interests of Directors, Management, Promoters and Principal Holders*".

Management Agreement

We have entered into the Management Agreement pursuant to which the Manager has been appointed as our investment fund manager or mortgage administrator, to provide, or cause to be provided through qualified service providers, various services related to our business, operations and affairs.

We have appointed the Manager as our investment fund manager or mortgage administrator with full authority and responsibility to provide or cause to be provided to us the Manager Services (as defined below). We have delegated to the Manager, in its capacity as our investment fund manager or mortgage administrator, the power and authority to act in our name and on our behalf for the sole purpose of performing the Manager Services.

The Manager has agreed to provide, or cause to be provided through qualified service providers, the following investment fund manager or mortgage administration services (the "**Manager Services**"):

- using reasonable efforts to arrange, and directing, financing and capital raising activities for us as required, including the preparation of offering documents and marketing materials and engaging sales agents;
- liaising on our behalf with dealers, institutions and investors regarding sales of securities of the Corporation and responding to shareholders' enquiries;
- selecting, retaining, supervising, removing and conducting relations on our behalf with service providers engaged in our operations, and any replacements, including without limitation, accountants, lawyers, transfer agents, trustees, brokers, administrators and other service providers and professional advisers;
- maintaining our books and financial records;
- arranging for and directing the preparation and dissemination of reports and other information required to be sent to our shareholders, including periodic shareholder statements, annual tax information and all other communications with our shareholders as required from time to time, and all documentation relating to, and arranging for, shareholders meetings, if any;
- arranging for and directing the processing of the payment of dividends or interest and distributions by us to our shareholders;
- arranging for and directing registrar and transfer agent services for us, including without limitation, the processing and registration of subscriptions for, and transfers and redemptions of, our shares, the maintenance of our shareholders registers and direct registration system, and transaction reporting as required;
- coordinating and directing the preparation of our financial statements and other disclosure and reporting documents and regulatory filings;
- administering our day-to-day affairs and providing, or arranging for, all necessary personnel, office facilities, telephone, fax and other communication services, office supplies, banking, custodian and bookkeeping and internal accounting and audit services, including preparation of tax returns, annual returns, corporate and regulatory filings and other usual and ordinary office services;
- if advisable, acting on our behalf as our nominee or agent in connection with the Manager Services, including the execution of agreements or other instruments in writing for or on our behalf; and

- performing such other services or acts as shall be reasonably necessary or ancillary to the matters set out above or as we may from time to time reasonably request.

The Manager has agreed to fulfill the role and provide the Manager Services set out in the Management Agreement in an honest and diligent manner, in good faith and to the best of its ability and will at all times comply with all securities and other laws, rules, regulations, ordinances, policies and guidelines applicable to the Manager and the Corporation in connection therewith, including obtaining and maintaining all necessary licenses, permits, consents and approvals under all applicable federal and provincial laws which are necessary or which may from time to time be required to permit the Manager to perform its obligations to us. However, without our specific authorization or unless specified in the Management Agreement, the Manager does not have the power to and will not enter into agreements or arrangements creating obligations of the Corporation.

In consideration for providing the Manager Services and mortgage servicing under the Management and Mortgage Services Agreements, the Manager and the Mortgage Administrator are entitled to a combined fee and will retain a priority allocation of the interest or other distributions accruing and payable on all investments acquired by us, in amounts of up to and equal to 2.0% per annum of the outstanding aggregate principal balance of all mortgage loans, or the outstanding aggregate principal balance of our percentage interest therein, the assets under management and/or the book value of our investments other than mortgages, calculated monthly on the first day of the month at the rate of 0.167% and payable in monthly installments on the last day of each month and prorated for any partial month. Should the Mortgage Administrator and the Manager be separate entities or delegate their services, they shall decide between them how the fees hereto in this paragraph and in those outlined above and below to the Manager and Mortgage Administrator are to be divided.

The Manager is entitled to deduct any amounts deductible under the Management Agreement, including its interest allocations, before distributing amounts to us under the Management Agreement. In addition, the Manager is entitled to retain any overnight float interest on all accounts maintained by it and all lender fees (the fees that may be charged to the borrower for extending the loan under the mortgage agreement and paid from the advance or upfront by the borrower at the first advance of the mortgage loan or otherwise), origination fees (the fees that may be charged to the borrower at the time a mortgage commitment is issued for the work necessitated by the underwriting), commitment fees (the fees that may be charged to the borrower in order to provide a mortgage commitment and hold the offer for a period of time until accepted or advanced), renewal fees (the fees that may be charged to the borrower to negotiate and prepare any renewal terms of an existing mortgage loan), extension fees (the fees that may be charged to the borrower to process any notices or accounting changes to grant an extension on a mortgage payment or payout), advance date fees (the fees that may be charged to the borrower for varying a date a payment is due for a one-off incident upon request), discharge fees (the fees that may be charged to the borrower for preparing payout statements and discharge documents as well as attending to execution and registration of same to remove any security from title), late payment fees (the fees that may be charged to the borrower for following up on mortgage payments or payouts that are late including any notices and letters, and to cover other costs associated with same), participation fees (the fees that may be charged to the borrower for having more than one mortgage or product or for lines of credits that may have not been accessed by the borrower but remained opened for their use), NSF charges (the fees that may be charged to the borrower for the bank charges associated with any returned payments for insufficient funds or other reasons and for collecting and addressing same with the borrower), administration and similar or other fees generated on the investments acquired by us (the fees that the Manager may generate from the assets and capital managed that are other than the returns on investment), all of which fees are and remain the sole property of the Manager, and to the extent that they are recovered from the borrowers or investments.

Under the Management Agreement, the Manager is responsible for all of its internal costs including, without limitation, employment expenses of employees hired to work exclusively for the Manager and not engaged in providing the Manager Services, corporate taxes, legal, accounting, director, officer and audit fees and expenses, and all out of pocket costs and expenses incurred in connection with its organization, maintenance and licensing. The Manager or Mortgage Administrator, as the case may be, shall be responsible for the payment of any selling commissions or fees payable to any selling agents. The selling commissions or fees are to be paid from their respective fees for services provided under the Management and Mortgage Services Agreement.

Pursuant to the Management Agreement, the Manager is allowed to engage such persons as the Manager deems appropriate in connection with its performance of the Manager Services and to delegate any of its powers and duties under the Management Agreement, provided that the Manager has agreed to at all times monitor the activities of such persons and be at all times responsible for the performance of such Manager Services, powers and duties in a manner consistent with the Management Agreement.

The Manager shall not be liable in any way for any default, failure or defect in any of our investments if it has satisfied the duties and standard of care, diligence and skill set forth in the Management Agreement. However, the Manager shall be liable to us for any loss, damage, claim, cost charge, expense or liability resulting from the Manager's willful misconduct, bad faith, negligence or disregard by the Manager of the Manager's duties or standard of care, diligence and skill prescribed by the Management Agreement or a material breach or default of the Manager's obligations under the Management Agreement.

In addition, whether the claim be in tort, contract or otherwise, the Manager will only be liable to us for actual damages incurred by us and only to the extent that such actual damages are equal to or less than the amount paid to the Manager under the Management Agreement and the Manager shall not be liable to us for any consequential, special, indirect, incidental, exemplary, punitive or similar damages, or lost profit or revenue, or failure to realize expected benefits, capital, revenues, income, profits or savings, relating to the provision or conduct by the Manager of its services, duties and obligations under the Management Agreement.

If, notwithstanding the provisions of the Management Agreement, the Manager or any of its directors, officers, employees, consultants or agents shall be held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of us, or, subject to the provisions of the Management Agreement, any action taken or omitted or in connection with our affairs, the Manager and its directors, officers, employees, consultants or agents shall be entitled to indemnity and reimbursement out of our property and assets to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including without limitation, the fees and disbursements of counsel. The Manager has agreed that it shall only look to our property and assets for satisfaction of any claims arising out of or in connection with the Management Agreement.

The Management Agreement is for an indefinite term. The Management Agreement may be terminated by either party immediately in the event of: (i) the commission by either party of any fraudulent act; (ii) either party becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors; (iii) conviction of either party for a criminal offence; (iv) conduct by either party that is materially damaging to the other party and contrary to the terms of the Management Agreement; (v) material breach of the Management Agreement by a party; (vi) material misrepresentation by a party; or (vii) material failure by a party to perform its duties as described in the Management Agreement within ten days of written notice by the other party.

The Management Agreement may also be terminated at any time by the Corporation on 30 days' written notice or at any time by mutual consent in writing. In addition, the Manager may resign and the Management Agreement may be terminated upon 60 days' notice by the Manager to the Corporation. The Management Agreement may also be terminated by the Corporation immediately in the event the Manager is unable under securities laws to act as the Corporation's investment fund manager or mortgage administrator under the Mortgage Brokerages, Lenders and Administrators Act.

The Manager

The Manager was incorporated under the laws of the Province of Ontario on April 5, 2017. The head office of the Manager is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 , and the registered office of the Manager is located at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 .

The Manager is not a reporting issuer in any jurisdiction and none of its securities are listed for trading on any Stock Exchange.

The Manager is not an investment fund manager registered in Ontario. If and when required, the Manager will seek and obtain the requisite registrations in the appropriate jurisdictions.

The Manager is not at arm's length to the Corporation in that all of the directors or officers of the Manager, are also directors or officers of the Corporation. See *"ITEM 3 - Interests of Directors, Management, Promoters and Principal Holders"*.

2.3 Development of the Business

The Corporation is in its third year of operations. The Corporation's initial business will be limited to investing the net proceeds of this Offering in mortgage investments in accordance with the policies and guidelines set out under *"ITEM 2 - Business of the Corporation – Our Business"*.

2.4 Long Term Objectives

The Corporation's long-term objective is to provide holders of Preferred Shares with sustainable income while preserving capital for distribution or re-investment. Over the long term, as a mortgage investment corporation, the Corporation intends to, raise investment capital, and invest substantially all of its capital in Canadian mortgages, except for small residual amounts of capital maintained in short term CDIC insured deposits awaiting mortgage placement. Most of the mortgages the Corporation intends to invest in will be short term mortgages secured by residential real estate property in Canada. As its capital base expands, the Corporation may place some of its capital in longer term mortgages. From time to time, the Corporation may also invest in commercial mortgages. The Corporation anticipates investing in mortgages in select urban and rural areas in Ontario but may expand its business into other provinces.

2.5 Short Term Objectives

Over the first 12 months, the Corporation's objective is to complete the maximum Offering and invest it pursuant to the Tax Act's MIC criteria and in accordance with the policies and guidelines set out under *"ITEM 2 - Business of the Corporation – Our Business"*, with the intent of paying dividends to its shareholders. The Corporation will make every effort to calculate dividends monthly as and when net income allows for it, and then payout these dividends monthly or quarterly if possible. In the future, the Corporation may calculate and pay dividends on the Shares on a quarterly or monthly basis. Dividends, if any will therefore be paid quarterly or monthly within 15 days after each calendar quarter or month, respectively, once declared.

2.6 Insufficient Proceeds

The Corporation 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 Corporation's proposed objectives. There can be no assurance that alternative financing will be available.

2.7 Material Agreements

The only material agreements to which the Corporation is a party, or that it has entered into with a related party, are the Mortgage Services Agreement entered into with the Mortgage Administrator, the Management Agreement entered into with the Manager and an Agency Agreement with Fundscraper Capital Inc. and TokenGX Inc., in which at that time you will receive notice of same. For more information on this agreement, please see *"ITEM 2 - Business of the Corporation - Mortgage Services Agreement and Management Agreement"*.

ITEM 3 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out specified information about each director, officer and promoter of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation:

Name and Municipality of Principal Residence	Position Held and the Date of Obtaining that Position	Compensation Paid by Issuer or Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year ⁽³⁾	Number, Type and Percentage of Securities to be Held Upon Completion of the Minimum Offering ^{(1)(9s)}	Number, Type and Percentage of Securities to be Held Upon Completion of the Maximum Offering ⁽¹⁾⁽²⁾
Roger Allinson, Uxbridge, ON	President, Secretary, Treasurer and Director since _____ April 5, 2017	2020:\$192,874 2021:\$250,000	1 Common Shares (25%) 255,121 Preferred Shares (1.14%)	1 Common Shares (25%) nil Preferred Shares (0%)
Chris Allinson, Toronto, ON	Director, since April 5, 2017	2020:\$150,464 2021:\$170,000	1 Common Shares (25%) 121,753 Preferred Shares (0.54%)	1 Common Shares (25%) nil Preferred Shares (0%)
Kim Lima, Milton, ON	Director, since September 12, 2019	\$0	1 Common Shares (25%) nil Preferred Shares (0%)	1 Common Shares (25%) nil Preferred Shares (0%)
John Cavan, Milton, ON	Director, since April 5, 2017	\$0	1 Common Shares (25%) nil Preferred Shares (0%)	1 Common Shares (25%) nil Preferred Shares (0%)

Notes:

- (1) The information as to securities beneficially owned as at the date hereof has been furnished by the respective directors and officers.
- (2) Directors and/or officers of the Corporation may acquire Preferred Shares pursuant to the Offering.
- (3) The Mortgage Administrator and Manager, are as of the date herein, one and the same, and are not at arm's length to the Corporation in that all of the directors or officers of the Mortgage Administrator or Manager, are also directors or officers of the Corporation, and the compensation or fees paid to the Mortgage Administrator and Manager are described in section 2.2 above under the sub- header, "Management Agreement".

3.2 Management Experience

The principal occupations during the last five years and any relevant experience of each director and executive officer of the Corporation are set out below:

Name	Principal Occupation and Related Experience
Roger Allinson	President, Secretary, Treasurer and Director, graduated from York University with an Honours Bachelor of Arts, Psychology degree in 1981. Roger has been real estate investing in single family residential homes as a landlord over the last 10 years with a current portfolio of 8 homes worth \$6M, which has taught him extensively about the borrower's perspective for mortgages, as well. And although we have done relatively well with RRSPs in the stock market, the market's volatility has encouraged us to transition our investments to a predictable investment. Most of us remember the wild swings in stock markets and the likes of Enron, Worldcom, and even some recent darling Canadian tech firms like Nortel and Blackberry. The big banks make fortunes in mortgages and have proven this market over centuries. But the banks cannot lend to everyone due to increasingly restrictive lending practices and they are not equity lenders. Roger started a private lending company, Lincolnville Inc., in 2014 which has funded over 60 mortgages totaling over \$4.5M over 6 years. Roger has had an extensive career in telecommunications for the last 35 years as a regional and national manager.
Chris Allinson	Director, managing the day-to-operations including working closely with our exempt market dealer partners, prospective investors, and mortgage brokers, acquiring market intelligence, business development, and assisting with the investment decisions for the fund. Prior to starting Nest Chris has worked in business development in the software industry since 2012-2016 surpassing sales targets and managing a territory of 12 states in the US. Chris graduated from Wilfrid Laurier University in 2011 with a Honours Bachelor of Business Administration in the Co-op stream, concentrating in marketing.

3.3 Penalties, Sanctions and Bankruptcy

Except as set forth below, there are no penalties or sanctions that have been in effect during the last ten years, and there are no cease trade orders that have been in effect for a period of 30 consecutive days during the last ten years, against a director, executive officer or control person of the Corporation or against a company of which any of the foregoing was a director, executive officer or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under or any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of receiver, receiver manager or trustee to hold assets, has been in effect during the last ten years with regard to those individuals or any companies of which any of those individuals was a director, executive officer or control person.

3.4 Loans

Since incorporation, there have not been any debentures or loans that are due to or from any director, executive officer, promoter or principal shareholder of the Corporation.

The Manager, or affiliated of the Manager, may from time to time, advance funds to the Corporation for acquisition of mortgage loans. Such loans will be evidenced by way of promissory notes and will bear interest at a rate equivalent to the rate of interest on the mortgage loans acquired by the Corporation with the funds advanced. The Manager's loan will be repaid with subsequent proceeds received by the Corporation from the issuance of the Preferred Shares.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

The following table sets forth the share capital structure of the Corporation as at the dates indicated:

Description	Authorized	Price per security	Number Outstanding after Minimum Offering as at September 30, 2021	Number Outstanding after Maximum Offering
Common Shares	Unlimited	\$1.00	4	4
Preferred Shares	Unlimited	\$1.00	22,437,590	50,000,000

4.2 Long Term Debt Securities

The Corporation has no long-term debt.

4.3 Prior Sales

During the last 12 months, securities of the Corporation have been issued as follows:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
N/A	Common Shares	None	N/A	None
<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price Per Security</u>	<u>Total Funds Received</u>
01-Sep-20	Preferred Shares	3,000.00	\$1.00	\$3,000.00
01-Sep-20	Preferred Shares	5,000.00	\$1.00	\$5,000.00
01-Sep-20	Preferred Shares	150,000.00	\$1.00	\$150,000.00
02-Sep-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
09-Sep-20	Preferred Shares	8,000.00	\$1.00	\$8,000.00
10-Sep-20	Preferred Shares	16,500.00	\$1.00	\$16,500.00
10-Sep-20	Preferred Shares	16,500.00	\$1.00	\$16,500.00
01-Oct-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
01-Oct-20	Preferred Shares	5,000.00	\$1.00	\$5,000.00
01-Oct-20	Preferred Shares	1,250.00	\$1.00	\$1,250.00
01-Oct-20	Preferred Shares	5,000.00	\$1.00	\$5,000.00
01-Oct-20	Preferred Shares	240,000.00	\$1.00	\$240,000.00
01-Oct-20	Preferred Shares	80,000.00	\$1.00	\$80,000.00
01-Oct-20	Preferred Shares	80,000.00	\$1.00	\$80,000.00
01-Oct-20	Preferred Shares	27,900.00	\$1.00	\$27,900.00
01-Oct-20	Preferred Shares	71,706.00	\$1.00	\$71,706.00
01-Oct-20	Preferred Shares	28,600.00	\$1.00	\$28,600.00
01-Oct-20	Preferred Shares	71,390.00	\$1.00	\$71,390.00
08-Oct-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
09-Oct-20	Preferred Shares	40,000.00	\$1.00	\$40,000.00
13-Oct-20	Preferred Shares	41,720.00	\$1.00	\$41,720.00
21-Oct-20	Preferred Shares	20,000.00	\$1.00	\$20,000.00
22-Oct-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
26-Oct-20	Preferred Shares	100,000.00	\$1.00	\$100,000.00
01-Nov-20	Preferred Shares	20,000.00	\$1.00	\$20,000.00

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
02-Nov-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
02-Nov-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
03-Nov-20	Preferred Shares	3,000.00	\$1.00	\$3,000.00
04-Nov-20	Preferred Shares	86,890.00	\$1.00	\$86,890.00
04-Nov-20	Preferred Shares	91,967.00	\$1.00	\$91,967.00
09-Nov-20	Preferred Shares	20,000.00	\$1.00	\$20,000.00
09-Nov-20	Preferred Shares	25,000.00	\$1.00	\$25,000.00
09-Nov-20	Preferred Shares	15,000.00	\$1.00	\$15,000.00
16-Nov-20	Preferred Shares	5,000.00	\$1.00	\$5,000.00
17-Nov-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
23-Nov-20	Preferred Shares	15,000.00	\$1.00	\$15,000.00
26-Nov-20	Preferred Shares	20,000.00	\$1.00	\$20,000.00
01-Dec-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
01-Dec-20	Preferred Shares	40,000.00	\$1.00	\$40,000.00
01-Dec-20	Preferred Shares	125,000.00	\$1.00	\$125,000.00
01-Dec-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
02-Dec-20	Preferred Shares	10,000.00	\$1.00	\$10,000.00
03-Dec-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
03-Dec-20	Preferred Shares	1,000.00	\$1.00	\$1,000.00
03-Dec-20	Preferred Shares	30,000.00	\$1.00	\$30,000.00
04-Dec-20	Preferred Shares	50,000.00	\$1.00	\$50,000.00
04-Dec-20	Preferred Shares	5,000.00	\$1.00	\$5,000.00
08-Dec-20	Preferred Shares	100,000.00	\$1.00	\$100,000.00
08-Dec-20	Preferred Shares	2,000.00	\$1.00	\$2,000.00
10-Dec-20	Preferred Shares	41,000.00	\$1.00	\$41,000.00
02-Feb-21	Preferred Shares	96,277.00	\$1.00	\$96,277.00
02-Feb-21	Preferred Shares	110,626.00	\$1.00	\$110,626.00
02-Feb-21	Preferred Shares	96,041.00	\$1.00	\$96,041.00
08-Feb-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
08-Feb-21	Preferred Shares	25,000.00	\$1.00	\$25,000.00
09-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
09-Feb-21	Preferred Shares	14,000.00	\$1.00	\$14,000.00
09-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
09-Feb-21	Preferred Shares	14,000.00	\$1.00	\$14,000.00
09-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
09-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
10-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
10-Feb-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
11-Feb-21	Preferred Shares	20,000.00	\$1.00	\$20,000.00
11-Feb-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
11-Feb-21	Preferred Shares	100,000.00	\$1.00	\$100,000.00
12-Feb-21	Preferred Shares	100,000.00	\$1.00	\$100,000.00
12-Feb-21	Preferred Shares	12,000.00	\$1.00	\$12,000.00
12-Feb-21	Preferred Shares	30,000.00	\$1.00	\$30,000.00
09-Mar-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
09-Mar-21	Preferred Shares	120,000.00	\$1.00	\$120,000.00
10-Mar-21	Preferred Shares	35,000.00	\$1.00	\$35,000.00
10-Mar-21	Preferred Shares	140,000.00	\$1.00	\$140,000.00
12-Mar-21	Preferred Shares	12,000.00	\$1.00	\$12,000.00
16-Mar-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
16-Mar-21	Preferred Shares	104,000.00	\$1.00	\$104,000.00
17-Mar-21	Preferred Shares	25,000.00	\$1.00	\$25,000.00
17-Mar-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
17-Mar-21	Preferred Shares	12,000.00	\$1.00	\$12,000.00
17-Mar-21	Preferred Shares	200,000.00	\$1.00	\$200,000.00
18-Mar-21	Preferred Shares	79,000.00	\$1.00	\$79,000.00
18-Mar-21	Preferred Shares	4,830.50	\$1.00	\$4,830.50
18-Mar-21	Preferred Shares	109,000.00	\$1.00	\$109,000.00
18-Mar-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
19-Mar-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
19-Mar-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
01-Apr-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
01-Apr-21	Preferred Shares	750,000.00	\$1.00	\$750,000.00
01-Apr-21	Preferred Shares	4,000.00	\$1.00	\$4,000.00
01-Apr-21	Preferred Shares	6,000.00	\$1.00	\$6,000.00
01-Apr-21	Preferred Shares	39,000.00	\$1.00	\$39,000.00
01-Apr-21	Preferred Shares	200,000.00	\$1.00	\$200,000.00
01-Apr-21	Preferred Shares	75,000.00	\$1.00	\$75,000.00
01-Apr-21	Preferred Shares	40,000.00	\$1.00	\$40,000.00
01-Apr-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
01-Apr-21	Preferred Shares	100,000.00	\$1.00	\$100,000.00
05-Apr-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
06-Apr-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
07-Apr-21	Preferred Shares	60,519.08	\$1.00	\$60,519.08
07-Apr-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
09-Apr-21	Preferred Shares	15,000.00	\$1.00	\$15,000.00
09-Apr-21	Preferred Shares	30,000.00	\$1.00	\$30,000.00
09-Apr-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
02-May-21	Preferred Shares	69,000.00		\$69,000.00
02-May-21	Preferred Shares	75,200.00	\$1.00	\$75,200.00

<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price Per Security</u>	<u>Total Funds Received</u>
2-May-21	Preferred Shares	27,000.00	\$1.00	\$27,000.00
4-May-21	Preferred Shares	46,770.00	\$1.00	\$46,770.00
5-May-21	Preferred Shares	30,000.00	\$1.00	\$30,000.00
5-May-21	Preferred Shares	1,000.00	\$1.00	\$1,000.00
5-May-21	Preferred Shares	40,000.00	\$1.00	\$40,000.00
6-May-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
8-May-21	Preferred Shares	25,000.00	\$1.00	\$25,000.00
2-June-21	Preferred Shares	75,500.00	\$1.00	\$75,500.00
2-June-21	Preferred Shares	14,830.50	\$1.00	\$14,830.50
2-June-21	Preferred Shares	7,500.00	\$1.00	\$7,500.00
2-June-21	Preferred Shares	7,500.00	\$1.00	\$7,500.00
2-June-21	Preferred Shares	99,500.00	\$1.00	\$99,500.00
2-June-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
2-June-21	Preferred Shares	4,250.00	\$1.00	\$4,250.00
2-June-21	Preferred Shares	1,000.00	\$1.00	\$1,000.00
2-June-21	Preferred Shares	2,000.00	\$1.00	\$2,000.00
2-June-21	Preferred Shares	150,000.00	\$1.00	\$150,000.00
2-June-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
2-June-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
2-June-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
2-June-21	Preferred Shares	50,000.00	\$1.00	\$50,000.00
2-June-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
2-June-21	Preferred Shares	1,000.00	\$1.00	\$1,000.00
2-June-21	Preferred Shares	15,000.00	\$1.00	\$15,000.00
2-June-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
3-June-21	Preferred Shares	10,000.00	\$1.00	\$10,000.00
3-June-21	Preferred Shares	250,000.00	\$1.00	\$250,000.00
4-June-21	Preferred Shares	1,000.00	\$1.00	\$1,000.00
4-June-21	Preferred Shares	64,500.00	\$1.00	\$64,500.00
8-June-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
9-June-21	Preferred Shares	5,000.00	\$1.00	\$5,000.00
11-June-21	Preferred Shares	10,400.00	\$1.00	\$10,400.00
July 1, 2021	Preferred Shares	30,000.00	\$ 1.00	30,000.00
July 1, 2021	Preferred Shares	12,000.00	\$ 1.00	12,000.00
July 1, 2021	Preferred Shares	15,000.00	\$ 1.00	15,000.00
July 1, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
July 1, 2021	Preferred Shares	180,000.00	\$ 1.00	180,000.00
July 1, 2021	Preferred Shares	38,500.00	\$ 1.00	38,500.00
July 1, 2021	Preferred Shares	177,700.00	\$ 1.00	177,700.00
July 1, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
July 1, 2021	Preferred Shares	40,000.00	\$ 1.00	40,000.00
July 1, 2021	Preferred Shares	75,000.00	\$ 1.00	75,000.00
July 2, 2021	Preferred Shares	63,000.00	\$ 1.00	63,000.00

July 5, 2021	Preferred Shares	98,101.00	\$ 1.00	98,101.00
July 5, 2021	Preferred Shares	30,000.00	\$ 1.00	30,000.00
July 5, 2021	Preferred Shares	15,000.00	\$ 1.00	15,000.00
July 5, 2021	Preferred Shares	17,885.00	\$ 1.00	17,885.00
July 5, 2021	Preferred Shares	12,000.00	\$ 1.00	12,000.00
July 6, 2021	Preferred Shares	100,000.00	\$ 1.00	100,000.00
July 6, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
July 6, 2021	Preferred Shares	100,000.00	\$ 1.00	100,000.00
July 6, 2021	Preferred Shares	1,000.00	\$ 1.00	1,000.00
July 8, 2021	Preferred Shares	750,000.00	\$ 1.00	750,000.00
July 8, 2021	Preferred Shares	2,000.00	\$ 1.00	2,000.00
July 8, 2021	Preferred Shares	10,000.00	\$ 1.00	10,000.00
July 8, 2021	Preferred Shares	154,000.00	\$ 1.00	154,000.00
July 9, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
August 1, 2021	Preferred Shares	10,000.00	\$ 1.00	10,000.00
August 1, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
August 1, 2021	Preferred Shares	10,000.00	\$ 1.00	10,000.00
August 1, 2021	Preferred Shares	180,000.00	\$ 1.00	180,000.00
August 1, 2021	Preferred Shares	80,000.00	\$ 1.00	80,000.00
August 1, 2021	Preferred Shares	80,000.00	\$ 1.00	80,000.00
August 1, 2021	Preferred Shares	10,000.00	\$ 1.00	10,000.00
August 1, 2021	Preferred Shares	25,000.00	\$ 1.00	25,000.00
August 1, 2021	Preferred Shares	300,000.00	\$ 1.00	300,000.00
August 1, 2021	Preferred Shares	300,000.00	\$ 1.00	300,000.00
August 1, 2021	Preferred Shares	2,000.00	\$ 1.00	2,000.00
August 1, 2021	Preferred Shares	150,000.00	\$ 1.00	150,000.00
August 3, 2021	Preferred Shares	11,016.00	\$ 1.00	11,016.00
August 3, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
August 3, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
August 3, 2021	Preferred Shares	11,000.00	\$ 1.00	11,000.00
August 3, 2021	Preferred Shares	52,000.00	\$ 1.00	52,000.00
August 3, 2021	Preferred Shares	200,000.00	\$ 1.00	200,000.00
August 3, 2021	Preferred Shares	8,000.00	\$ 1.00	8,000.00
August 3, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
August 4, 2021	Preferred Shares	1,000.00	\$ 1.00	1,000.00
August 9, 2021	Preferred Shares	76,000.00	\$ 1.00	76,000.00
August 9, 2021	Preferred Shares	32,215.62	\$ 1.00	32,215.62
August 9, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
August 9, 2021	Preferred Shares	19,000.00	\$ 1.00	19,000.00
August 10, 2021	Preferred Shares	100,000.00	\$ 1.00	100,000.00
September 1, 2021	Preferred Shares	77,286.19	\$ 1.00	77,286.19
September 1, 2021	Preferred Shares	25,000.00	\$ 1.00	25,000.00
September 1, 2021	Preferred Shares	100,000.00	\$ 1.00	100,000.00
September 1, 2021	Preferred Shares	3,000.00	\$ 1.00	3,000.00
September 1, 2021	Preferred Shares	9,999.96	\$ 1.00	9,999.96
September 1, 2021	Preferred Shares	25,000.00	\$ 1.00	25,000.00
September 1, 2021	Preferred Shares	33,858.90	\$ 1.00	33,858.90

September 1, 2021	Preferred Shares	50,000.00	\$ 1.00	50,000.00
September 1, 2021	Preferred Shares	15,000.00	\$ 1.00	15,000.00
September 1, 2021	Preferred Shares	60,000.00	\$ 1.00	60,000.00
September 2, 2021	Preferred Shares	94,000.00	\$ 1.00	94,000.00
September 2, 2021	Preferred Shares	10,000.00	\$ 1.00	10,000.00
September 3, 2021	Preferred Shares	90,000.00	\$ 1.00	90,000.00
September 3, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
September 9, 2021	Preferred Shares	75,000.00	\$ 1.00	75,000.00
September 9, 2021	Preferred Shares	5,000.00	\$ 1.00	5,000.00
September 9, 2021	Preferred Shares	55,000.00	\$ 1.00	55,000.00

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

A description of the terms and conditions of each of the Preferred Shares as they will exist upon a closing of the Offering is set forth below. Funds received from the sale of Preferred Shares will be combined into one pool of funds for investment purposes and will be used to create one portfolio of investments owned by the Corporation.

For the purposes hereof, "**Redemption Price**" of a Preferred Share at any time means the price paid for such Preferred Share at the time the Preferred Share was issued from the treasury of the Corporation.

The Corporation is authorized to issue an unlimited number of Preferred Shares having attached thereto the following rights, privileges, restrictions and conditions:

Voting

The holders of Preferred Shares shall **not** be entitled to notice of or to attend or vote at meetings of the shareholders of the Corporation.

Dividend Rights

The holders of Preferred Shares shall be entitled to receive in each fiscal year out of any or all profits or surplus available, if, as and when declared by the directors of the Corporation, an initial non-cumulative dividend (the "**Initial Dividend**") as a rate per annum of the Redemption Price of the Preferred Shares (provided that such dividend shall be prorated where any Preferred Shares are not outstanding for an entire fiscal year). In any fiscal year, following the payment of the Initial Dividend to the holders of the Preferred Shares and the payment of dividends in a like amount per share to the holders of the Common Shares, the Preferred Shares shall be entitled to participate *pari passu* with the holders of the Common Shares in any further payment of dividends of the Corporation for that fiscal year. The Preferred Shares shall rank in priority to the Common Shares in regards to the initial payment of dividends in any fiscal year.

The directors of the Corporation shall be entitled to declare all or part of such dividends in any fiscal year.

No dividends shall be declared on the Common Shares prior to the full amount of such dividends having been declared and paid to the holders of Preferred Shares as provided for above.

Subject to such working capital or reserve requirements as the directors of the Corporation determine are necessary or desirable from time to time to meet the current and future expenses, liabilities, commitments and obligations of the Corporation and for the conduct, promotion and protection of the business and activities of the Corporation, its assets and shareholders, the Corporation currently intends to distribute as dividends to its shareholders substantially all of its net income and net realized capital gains. See "*ITEM 6 – Income Tax Consequences*".

Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of each Preferred Share shall be entitled to receive an amount equal to the Redemption Price for that Preferred Share plus all declared and unpaid dividends before any amount shall be paid or any property or assets of the Corporation are distributed to the holders of Common Shares. After payment to the holders of Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation. If there are insufficient amounts to pay to the holders of Preferred Shares the full amount which they are entitled to receive on the distribution of the assets of the Corporation, all such holders shall share in the distribution on a pro rata basis in proportion to the aggregate amount due to each of them.

Redemption by the Corporation

The OBCA does not permit the Corporation to make any payment to purchase or redeem the Preferred Shares issued by it if there are reasonable grounds for believing that: (a) the Corporation is, or after the payment, would be unable to pay its liabilities as they become due; or (b) after the payment, the realizable value of the Corporation's assets would be less than the aggregate of: (i) its liabilities; and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent the amount has not been included in its liabilities.

Subject to the OBCA, the Corporation may redeem all or any part of the then outstanding Preferred Shares upon written notice given by the Corporation to the holders of all Preferred Shares to be redeemed, specifying that such shares are to be redeemed upon payment to each holder of Preferred Shares of the Redemption Price for each Preferred Share held by such holder as indicated on the Corporation's records, plus the pro rata share of any unpaid distributions thereon which have been declared payable but remain unpaid as at the time of calculation of the Redemption Price to the extent same are not otherwise included in the Redemption Price of the share(s) to be retracted.

The written notice from the Corporation shall at a minimum specify the intent to redeem, the date on which the redemption is to take place, which date shall be not less than 21 nor more than 180 days from the date of the written notice, if part only of the Preferred Shares held by the person to whom such notice is addressed are to be redeemed, which shares are to be redeemed as selected by the directors of the Corporation in their sole discretion, and, if a certificate(s) representing the Preferred Shares to be redeemed has been issued, that such original certificate(s) is to be surrendered to the Corporation prior to the redemption date and the identity and location of the person to whom such certificate(s) is to be sent or delivered for surrender.

From and after the redemption date, the holder of the Preferred Shares to be redeemed as aforesaid, shall thereafter cease to have any rights with respect to the Preferred Shares to be redeemed other than the right to receive the Redemption Price therefor.

On the redemption date, provided that any existing original certificates representing the Preferred Shares called for redemption have been surrendered to the Corporation as specified in the written notice, or after the redemption date upon surrender to the Corporation of such original certificates, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Preferred Shares to be redeemed the Redemption Price, and such Preferred Shares shall thereupon be redeemed.

The Redemption Price payable in respect of the shares called for redemption shall be paid by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of, the registered holder of the shares called for redemption. Payments of the Redemption Price made by the Corporation are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee at the last address of the payee shown in the records of the Corporation or the address of the payee provided to the Corporation by the registered holder at the time, unless such cheque is dishonored upon presentment. Upon such payment as set out above, the Corporation and its directors, officers, manager and employees shall be discharged from all liability to the former holder in respect of the shares so redeemed.

All Preferred Shares redeemed by the Corporation pursuant to this section shall be cancelled and such Preferred Shares shall no longer be outstanding and shall not be re-issued.

Retraction at the Option of the Holder

The OBCA does not permit the Corporation to make any payment to purchase or redeem the Preferred Shares issued by it if there are reasonable grounds for believing that: (a) the Corporation is, or after the payment, would be unable to pay its liabilities as they become due; or (b) after the payment, the realizable value of the Corporation's assets would be less than the aggregate of: (i) its liabilities; and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent the amount has not been included in its liabilities.

Subject to the OBCA and upon compliance with the provisions hereof, all applicable laws and any applicable provisions of our articles of incorporation, by giving a duly completed and properly executed written notice to the Corporation (the "**Retraction Notice**"), any holder of Preferred Shares shall be entitled, at such holder's option, and at any time and from time to time, to have all or any part of the Preferred Shares originally held by such holder, purchased by the Corporation (the "**Retraction Right**") for an amount equal to the Redemption Price after the first twelve (12) months from the date such Preferred Shares were issued. Should the Corporation waive the minimum twelve (12) month hold period an early retraction redemption fee shall apply being 5.0% of the Redemption Price. Following which, an early retraction redemption fee shall apply being 1.0% of the Redemption Price if retracted after the first twelve (12) months but prior to the first twenty-four (24) months. No redemption fees shall apply if retracted after the first twenty-four (24) months. However, the board of directors, in their sole and absolute discretion may waive or reduce any redemption fees, or remove any restrictions.

Upon acceptance by the directors of the Corporation of the Retraction Notice and the retraction request, the Retraction Notice will thereafter be irrevocable by the holder without the consent of the Corporation and the Preferred Shares specified therein (the "**Retraction Shares**") shall be considered to be tendered for retraction as at the acceptance date (the "**Notice Date**"). The holder of the Retraction Shares shall continue to have all of the holder's rights as a shareholder in respect of each Retraction Share until the Retraction Payment (as defined below) for that Retraction Share has been paid in full.

The payment for a retraction of Preferred Shares will be the Redemption Price of the Retraction Share, calculated as at the end of business on the Business Day immediately preceding the Retraction Date (as defined below), plus the pro rata share of any dividend distributions declared on such Retraction Share which have accrued up to and including the Retraction Date, to the extent same are not included in the calculation of the Redemption Price and remain unpaid (the "**Retraction Payment**") less the redemption fees if any.

The holders of Preferred Shares may retract their shares, without penalty or reduction, at any time after the date that is two years from the date of issuance of such Preferred Shares.

Subject to the limitations set out herein, on the last day of the calendar month (or the next following Business Day if the last day of the calendar month falls on a day that is not a Business Day) which is 3 full months following the month in which the Notice Date falls or such earlier date as determined by the directors of the Corporation in their sole discretion (the "**Retraction Date**"), the Corporation will redeem the Retraction Shares. Subject to the directors of the Corporation right to extend the time for payment of any Retraction Payment if in their sole discretion the directors of the Corporation determine that such payment would be prejudicial to the interests of the remaining shareholders of the Corporation, or that in the same calendar quarter the redemption limit of redemption requests totaling nine percent (9%) of the Preferred Shares outstanding has been reached, and any limitations on the payment of the Retraction Payment set out in these redemption provisions, the Retraction Payment, less any reductions, amounts, redemption fees or other fees payable in respect of the Retraction Share, will be paid on or within 10 Business Days of the Retraction Date.

Notwithstanding any other provision herein, the aggregate amount of the Retraction Payments that the Corporation is obliged to make on or in respect of each Retraction Date is limited to an amount that is equal to 85% of the aggregate Redemption Price of all Preferred Shares to be retracted calculated as at the first day of the month in which the Retraction Date falls. Such aggregate amount of Retraction Payments includes amounts payable to shareholders who have previously tendered their Preferred Shares for retraction and the Retraction Payment for which has not been paid in full as of that Retraction Date. Retraction Shares will be retracted and Retraction

Payments will be paid in order of receipt of Retraction Notices or *pari passu* if, in their sole discretion, the directors of the Corporation determine that *pari passu* would be better suited to the interests of the shareholders or the operations of the Corporation, on the next following Retraction Dates, or such earlier dates as determined by the directors of the Corporation in their sole discretion, until the Retraction Payment for such shares has been paid in full.

Notwithstanding any other provision herein, the directors of the Corporation may, in their sole discretion at any time and from time to time suspend the retraction feature in respect of any or all of the Preferred Shares for such period of time as the directors of the Corporation determine, in their sole discretion, that: (a) conditions exist which render imprudent or impractical the Corporation's ability to obtain the cash on hand required to make any or all Retraction Payments; or (b) the suspension is in the best interests of the shareholders of the Corporation as a whole; or (c) the retraction would disqualify Nest as a mortgage investment corporation under the Tax Act. The suspension may, in the sole discretion of the directors of the Corporation, apply to Preferred Shares tendered for retraction prior to the suspension but as to which payment in full has not been made, as well as to Preferred Shares tendered for retraction while the suspension is in effect. Any declaration of suspension by the directors of the Corporation is conclusive.

A shareholder may, with the consent of the Corporation, which may be given or withheld in its sole discretion, withdraw its retraction request and revoke its Retraction Notice by providing written notice to the Corporation.

Notwithstanding any other provision herein, the directors of the Corporation may, but are not obliged to, in their sole discretion at any time and from time to time waive or alter the amount or payment of a fee or discount, or the reduction or limitation of any Retraction Payment, on any terms and conditions they so determine for any particular retraction request.

The amount payable in respect of Retraction Shares will be paid by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of, the registered holder of such shares. Such payments made by the Corporation are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee at the last address of the payee shown in the records of the Corporation or the address of the payee provided to the Corporation by the registered holder at the time, unless such cheque is dishonoured upon presentment. Upon such payment as set out above, the Corporation and its directors, officers, manager and employees shall be discharged from all liability to the former holder in respect of the shares so retracted.

Notwithstanding any other provision herein, the directors of the Corporation will not approve any retraction of any Preferred Shares that would result in the Corporation ceasing to meet the qualifications of a MIC (see "*ITEM 2 - Our Business – Investment Guidelines*" above). Furthermore, substantial shareholders holding more than 15% of the total number of Preferred Shares outstanding, will be limited to retracting no more than 20% every six months from the Notice Date.

Constraints on Transferability

Paragraph 130.1(6)(d) of the Tax Act stipulates that to qualify as a MIC, a corporation must have at least 20 shareholders and no one shareholder may be a Specified Shareholder, as such term is defined in the Tax Act, of the corporation. 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, including to the Corporation on a retraction or redemption or in connection with an exchange or conversion, which would result in the Corporation ceasing to meet the qualifications of a MIC.**

5.2 Subscription Procedure

Subscribers who wish to purchase Preferred Shares will be required to enter into a Subscription Agreement with the Corporation by completing and delivering the Subscription Agreement and related documentation to the Corporation. In the case of purchases transacted by TokenGX Inc., a digital subscription agreement will be provided and signed digitally on the TokenFunder.com platform operated by TokenGX Inc. The Subscription Agreement contains, among other things, representations and warranties required to be made by the subscriber that

it is duly authorized to purchase the Preferred Shares, that it is purchasing Preferred Shares for investment and not with a view for resale, and as to its corporate status or other qualifications to purchase Preferred Shares on a "private placement" basis. Reference is made to the Subscription Agreement and related documentation, copies of which are attached hereto as Schedule "A", for the specific terms of these representations, warranties and conditions.

Preferred Shares may be purchased in the following manner:

- (i) by the execution of a Subscription Agreement, as well as any documentation required by the Securities Regulatory Authorities of the jurisdiction in which they are resident (copies of which are attached to the relevant Subscription Agreement or made available digitally from TokenGX Inc.);
- (ii) pay the Subscription Price in respect of the Preferred Shares subscribed for by way of a certified cheque or bank draft payable to "Nest Capital Mortgage Investment Corporation" or in the case of subscriptions through TokenGX Inc., made payable in trust to TokenGX Inc. per the online instructions; and
- (iii) deliver all of the foregoing to, at 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9 (Attention: Roger Allinson).

The first Closing of this Offering is expected to occur on or about the Closing Date, or such later or earlier date as may be determined by the Corporation. Other Closings will occur subsequent to that date. **All subscription proceeds will be held in trust until midnight on the second Business Day after the day the Subscriber signs the applicable Subscription Agreement. In the event that Subscribers provide the Corporation with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Corporation does not accept a Subscriber's subscription, all subscription proceeds will be promptly returned to the Subscriber without interest or deduction.**

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 Corporation. 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.**

Exemptions from Prospectus and Registration Requirements

The Preferred Shares are being offered in the Selling Jurisdictions pursuant to exemptions under Applicable Securities Laws. Such exemptions relieve the Corporation from provisions under Applicable Securities Laws requiring the Corporation to file a prospectus and therefore Subscribers do not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by a securities commission or similar authority.

The sale of Preferred Shares pursuant to this Offering Memorandum is being made in the Selling Jurisdictions under certain statutory exemptions from the prospectus requirements set out in NI 45-106. Specifically, the sale of Preferred Shares is being made pursuant to Section 2.9 of NI 45-106 ("**Offering Memorandum Exemption**"), Sections 2.5 or 2.6 of NI 45-106 ("**Family, Friends and Business Associates**"), Section 2.10 of NI 45-106 ("**Minimum Amount Investment**") and Section 2.3 of NI 45-106 and Section 73.3 of the *Securities Act* (Ontario) ("**Accredited Investor Exemption**"). **Please carefully review the accompanying Subscription Agreement to determine the prospectus exemption requirements that apply to you.**

Should the Corporation engage the services of a registered dealer such as an EMD, then it shall enter into an Agency Agreement with the agent, the material terms of which are described therein, shall include that the agent has agreed to use its commercially reasonable efforts to sell the Preferred Shares under the offering to qualified purchasers in one or more of the Selling Jurisdictions. The agent will be an exempt market dealer registered in provinces for the jurisdictions in which the Preferred Shares are sold.

Other Jurisdictions

The sale of Preferred Shares pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to the Corporation the full particulars of the exemption from the registration

and prospectus requirements under applicable securities legislation being relied on and evidence of the Subscriber's qualifications thereunder.

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

ITEM 6 INCOME TAX CONSEQUENCES

The following is a summary of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares (the "**Shares**") by a subscriber who, at all relevant times, is a resident of Canada, deals at arm's length, and is not affiliated, with the Corporation, and who acquires and holds the Shares as capital property, all within the meaning of the Tax Act (a "**holder**"). Generally, the Shares will be considered capital property to a holder provided such holder does not hold the Shares 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 Shares 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 Shares: (i) that is a "specified financial institution" or a "financial institution", both as defined in the Tax Act; (ii) an interest in which constitutes a "tax shelter investment" for the purposes of the Tax Act; (iii) who reports its Canadian tax results in a currency other than Canadian dollars; or (iv) that has entered into a "derivative forward agreement" or a "synthetic disposition arrangement", each as defined for purposes of the Tax Act, with respect to the Preferred Shares.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals (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 Canada Revenue Agency ("**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 considerations of any province, territory or foreign jurisdiction.

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. This summary is not intended to be and should not be interpreted as legal or tax advice to any particular holder. Holders should consult with their own tax advisor regarding the income tax consequences of acquiring, holding and disposing of the Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority. Generally, you should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

This summary is based on the assumption that the Corporation has and will meet certain conditions which are imposed by the Tax Act to qualify as a "mortgage investment corporation" ("**MIC**") at all relevant times. These conditions will generally be satisfied if, throughout a taxation year of the Corporation; or, with respect to the number of shareholders in the Corporation's first taxation year, at the end of such first taxation year:

- (a) the Corporation is a Canadian corporation as defined in the Tax Act;
- (b) the Corporation's only undertaking was the investing of funds, and it did not manage or develop any real property;
- (c) no debts were owing to the Corporation by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Corporation did not own shares of corporations not resident in Canada;
- (e) the Corporation did not hold real property situated outside of Canada;
- (f) no debts were owing to the Corporation that were secured on real property situated outside of Canada;
- (g) the cost amount of the Corporation'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) and in respect of a housing project, as such definition read on June 16, 1999), 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. The *National Housing Act* (Canada) defines house as a building or movable structure, or any part thereof, that is intended for human habitation and contains not more than two family housing units, together with any interest in land appurtenant to the building, movable structure or part thereof; and also defines housing project as:

- (i) any building or movable structure, or any part thereof, that is intended for human habitation;
 - (ii) any property that is intended to be improved, converted or developed to provide housing accommodation or services in support of housing accommodation; or
 - (iii) any property that is associated with housing accommodation, including, without limiting the generality of the foregoing, land, buildings and movable structures, and public, recreational, commercial, institutional and parking facilities.
- (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 Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (i) the Corporation had 20 or more shareholders and no person would have held more than 25% of the issued shares of any class of the capital stock of the Corporation or been a specified shareholder (as such term is defined for purposes of subsection 130.1(6) of the Tax Act) of the Corporation;
- (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 Corporation'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 exceeded 2/3 of the cost amount of all of its property, the Corporation'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 Corporation will qualify as a MIC in accordance with conditions prescribed in the Tax Act at all times which are relevant to the opinions expressed herein. Based upon certain representations by management of the Corporation as to the nature, location and cost amounts of the Corporation's assets and liabilities, including the composition and cost of its mortgage portfolio, as to the shareholders of the Corporation and as to the range of activities which the Corporation will undertake in the course of carrying on its mortgage investment business (the "**Representations**"), it is anticipated that the Corporation will meet the requirements for qualification as a "mortgage investment corporation" under the Tax Act at the closing of this Offering and will continue to so qualify thereafter provided the Representations continue to be true throughout each of the Corporation's subsequent taxation years. Purchasers are cautioned that the Corporation must meet the requirements under the Tax Act to be a "mortgage investment corporation" 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 Corporation expects that the Representations will continue to be true throughout each of the Corporation's subsequent taxation years such that the Corporation will continue to so qualify. **If the Corporation were not to qualify as a MIC, the income tax consequences would be materially different from those described below.**

Taxation of the Corporation

The Corporation 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 Corporation in computing its income for the preceding year. In addition, the Corporation 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 Corporation 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 shareholders

Taxable dividends (other than capital gains dividends) which are paid by the Corporation on the Shares will be included in the holder's income as interest income. **The normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation to an individual and holders that are corporations will not be entitled to deduct the amount of dividends paid by the Corporation from their taxable income.** Capital gains dividends will be treated as a capital gain realized by the holder and will be subject to the general rules relating to the taxation of capital gains described in more detail below.

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

A disposition or a deemed disposition of the Shares (other than to the Corporation) will result in a holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the Shares exceed (or are exceeded by) the adjusted cost base of the Shares and reasonable disposition costs, according to the usual rules contained in the Tax Act. Amounts paid by the Corporation on the redemption or acquisition by it of the Shares, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Corporation on the redemption or acquisition of the Shares which is in excess of the paid-up capital of the Shares will be deemed to be a dividend and will generally be included in the income of a holder of the Shares as interest (and will be deductible by the Corporation) 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 (from taxable or capital gains dividends). 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.

Eligibility for Investment by Deferred Income Plans

The Corporation confirms that the Shares may be qualified investments for trusts governed by registered retirement savings plans ("RRSPs"), registered education savings plans, deferred profit sharing plans, registered retirement income funds ("RRIFs"), registered disability savings plans, or tax-free savings accounts ("TFSAs") (collectively, "Deferred Income Plans") at a particular time if the Corporation qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Corporation does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under, or a holder of, 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 Corporation or on any capital gain realized on the disposition of the Shares or with respect to capital gains dividends.

Notwithstanding the fact that the Shares may be qualified investments for Deferred Income Plans, the holder of a TFSA, or the annuitant of a RRSP, or a RRIF (a "**Controlling Individual**"), which holds Shares, will be subject to a penalty tax if the Shares held in the TFSA, RRSP, or RRIF are a "prohibited investment", as defined in the Tax Act for the TFSA, RRSP, or RRIF. The Shares will generally be a "prohibited investment" if the Controlling Individual (i) does not deal at arm's length with Nest for the purposes of the Tax Act or (ii) has a "significant interest" (within the meaning of the Tax Act, usually 10%) in Nest. Penalties are severe and could mean 100% or more of the amount invested (the amount paid for the Shares).

If the Corporation fails to qualify as a MIC at any time in a taxation year, the Shares may cease to be qualified investments for Deferred Income Plans. When a Deferred Income Plan acquires or holds a non-qualified investment significant penalty taxes may arise to the Deferred Income Plan and/or the Controlling Individual in respect of such plan.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

Fundscrapper Capital Inc. and TokenGX Inc. are exempt market dealers registered in Ontario and pursuant to the Agency Agreement, the material terms of which are described below, Fundscrapper Capital Inc. and TokenGX Inc. have agreed to use its commercially reasonable efforts to sell the Preferred Shares under the offering to qualified purchasers in one or more of the Selling Jurisdictions.

For its services, the Corporation has agreed to pay to Fundscrapper Capital Inc. and TokenGX Inc. a fee of up to 5.00% of the subscription. The fees, plus applicable taxes, will be calculated and payable by the Mortgage Administrator.

Fundscrapper Capital Inc. and TokenGX Inc. may form a sub-agency group that includes other qualified dealers lawfully authorized to sell the Preferred Shares in one or more of the Selling Jurisdictions and will determine and pay the fees payable to such dealers. These dealers may be paid selling commissions of up to 5.00% of the subscription price of the Preferred Shares. These commissions will not be deducted from proceeds of any subscriptions for Preferred Shares and instead will be paid out at Closing by the Mortgage Administrator. Any other fees payable to such dealers will be paid directly by Fundscrapper Capital Inc. and TokenGX Inc. from the fees Fundscrapper Capital Inc. and TokenGX Inc. generate under the Agency Agreement, as well as from its general corporate funds.

To the extent permitted by law, the Corporation has agreed to indemnify and save Fundscrapper Capital Inc. and TokenGX Inc., its dealing representatives, its affiliates and its directors, officers, employees, partners, agents, advisors and shareholders harmless from and against any and all losses, claims, actions, suits, proceedings, damages, liabilities or expenses of whatsoever nature or kind (other than losses of profit in connection with the distribution of the Preferred Shares) (collectively, the "**Liabilities**") to which such persons or companies may be subject or which such persons or companies may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of: (i) any information or statement contained in the public record (other than any information or statement relating solely to Fundscrapper Capital Inc. and TokenGX Inc. and furnished to the Corporation by Fundscrapper Capital Inc. and TokenGX Inc. expressly for inclusion in the public record) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made; (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to Fundscrapper Capital Inc. and TokenGX Inc. and provided to the Corporation by Fundscrapper Capital Inc. and TokenGX Inc. expressly for inclusion in the public record) contained in the public record; (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Preferred Shares imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in the Agency Agreement (other than any information or statement relating solely to Fundscrapper Capital Inc. and TokenGX Inc. and furnished to the Corporation by Fundscrapper Capital Inc. and TokenGX Inc. expressly for inclusion in the public record); (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities into the affairs of the Corporation relating to or affecting the distribution of the Preferred Shares other than any such order, inquiry, investigation or other proceeding based substantively upon the activities or alleged activities of Fundscrapper Capital Inc. and TokenGX Inc.; (v) any breach

of, default under or non-compliance by the Corporation with any representation, warranty, covenant, term or condition of the Agency Agreement, the Subscription Agreements or any requirement of applicable securities laws; or (vi) the exercise by any Subscriber of any contractual or statutory right of rescission in connection with the purchase of the Preferred Shares; unless such Liabilities arose as a result of the indemnified person's breach of, default under or non-compliance with any material representation, warranty, covenant, term, condition or provision of the Agency Agreement.

To the extent permitted by law, Fundscraper Capital Inc. and TokenGX Inc. have agreed to indemnify and save the Corporation, its affiliates and its directors, officers, employees, partners, agents, advisors and shareholders harmless from and against any and all Liabilities to which such persons or companies may be subject or which such persons or companies may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of: (i) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities into the affairs of Fundscraper Capital Inc. and TokenGX Inc. relating to or affecting the distribution of the Preferred Shares other than any such order, inquiry, investigation or other proceeding based substantively upon the activities or alleged activities of Fundscraper Capital Inc. and TokenGX Inc.; or (ii) any breach of, default under or non-compliance by Fundscraper Capital Inc. and TokenGX Inc. with any representation, warranty, covenant, term or condition of the Agency Agreement; unless such Liabilities arose as a result of the indemnified person's breach of, default under or non-compliance with any material representation, warranty, covenant, term, condition or provision of the Agency Agreement.

Fundscraper Capital Inc. and TokenGX Inc. may terminate its obligations under the Agency Agreement by notice in writing to the Corporation at any time if: (a) there occurs any material change or a change in any material fact which materially adversely affects or, in the sole opinion of Fundscraper Capital Inc. and TokenGX Inc., acting reasonably, could reasonably be expected to materially adversely affect Fundscraper Capital Inc. and TokenGX Inc.'s ability to perform its obligations under the Agency Agreement or to act as agent of the Corporation; (b) any enquiry, action, suit, investigation or other proceeding whether formal or informal is instituted or threatened, or any order is made by any federal, provincial or other governmental authority, commission or agency in relation to the Corporation, the directors or the Preferred Shares, which, in the sole opinion of Fundscraper Capital Inc. and TokenGX Inc., acting reasonably, operates to prevent or materially adversely affects the distribution of the Preferred Shares under this Offering or which, in the sole opinion of Fundscraper Capital Inc. and TokenGX Inc., acting reasonably, would reasonably be expected to have a significant effect on the value of the Preferred Shares; (c) there is an occurrence of any nature which, in the opinion of Fundscraper Capital Inc. and TokenGX Inc., acting reasonably, seriously affects or will seriously affect the marketability of the Preferred Shares, the business of the Corporation or the ability of the Corporation to perform its obligations under the Agency Agreement; (d) the Corporation is in material breach of any material term of the Agency Agreement and has failed to cure such breach within 14 days after receiving written notice of such breach from Fundscraper Capital Inc. and TokenGX Inc.; or (e) Fundscraper Capital Inc. and TokenGX Inc. determines that any of the representations or warranties made by the Corporation in the Agency Agreement is false or has become false.

Notwithstanding the other termination provisions set out in the Agency Agreement, any party may terminate the Agency Agreement upon 30 days prior written notice to the other party or the Agency Agreement may be terminated at any time by mutual consent in writing of all of the parties.

Fundscraper Capital Inc. and TokenGX Inc. are at arm's length to the Corporation.

The Corporation may in the future engage other dealers to sell the Offering and will compensate such dealers on commercially reasonable terms. Also, the Corporation may in the future pay fees in respect of sales of its Preferred Shares at or near prevailing or customary market rates and may also reimburse or otherwise compensate on commercially reasonable terms other related entities that pay such commissions or fees.

ITEM 8 RISK FACTORS

There are certain risks inherent in an investment in the Preferred Shares and in the activities of the Corporation, which investors should carefully consider before investing in the Preferred Shares. The

following is a summary only of the risk factors. Prospective investors should review the risks relating to an investment in the Preferred Shares with their legal and financial advisors.

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

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

Investment Risk

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

- (a) **Speculative Investment** – This is a speculative Offering. The purchase of Preferred Shares involves a number of risk factors and is suitable only for Subscribers 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. There is no assurance of any return on a Subscriber's investment.
- (b) **No Market for Preferred Shares** – There is no market through which the Preferred Shares may be sold currently. Although it may not be available at the time of purchase, the Corporation may cause the Preferred Shares to become tradeable in a future secondary market being created by TokenGX Inc. for Ontario residents. It is possible that the TokenGX market may cease to become available in Ontario in the future and not become available in other jurisdictions. Other than in accordance with the redemption rights attached to the Preferred Shares, a Shareholder may never be able to sell his Preferred Shares and recover any part of his investment.
- (c) **Resale Restriction** – The Preferred Shares are subject to resale restrictions under Applicable Securities Laws. Such resale restrictions may never expire and Subscribers should consult with their professional advisors in respect of such resale restrictions. See ITEM 9.
- (d) **Retraction Liquidity** – The Preferred Shares are retractable, meaning that Subscribers have the right to require the Corporation to redeem them, upon appropriate advance notice from the Subscriber to the Corporation. The Corporation provides no assurance that any Subscriber will be able to retract any or all of their Preferred Shares at any time. Retraction and redemption of the Preferred Shares is subject to the Corporation having access to sufficient excess cash, or other liquid assets, and being in compliance with applicable corporate and securities legislation, and is subject to the terms in this Offering Memorandum, all as determined solely by the Corporation. Retraction and redemption of the Preferred Shares is also subject to the discretion of the directors to act in the best interests of the MIC under the Tax Act, and may also be subject to fees and penalties. Accordingly, this investment is unsuitable for those prospective Subscribers who may require liquidity.
- (e) **Absence of Voting Rights** – The Preferred Shares being sold under this Offering do not carry voting rights, and consequently a Subscriber's investment in Preferred Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors. In assessing the risks and rewards of an investment in Preferred Shares, potential Subscribers should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Corporation, the Mortgage Administrator and the Manager to make appropriate decisions with respect to the management of the Corporation, and that they will be bound by the decisions of the Corporation's, the Mortgage Administrator's and the Manager's directors, officers and employees.

- (f) No Insurance – The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

Issuer Risk

Risks that are specific to the Corporation include the following:

- (a) Mortgage Investment Corporation Tax Designation - The Corporation's directors shall use their commercially reasonable best efforts to ensure that the Corporation qualifies as a MIC pursuant to the Tax Act. There can be no assurance, however, that the Corporation will be able to meet the Tax Act's MIC qualifications at all material times. As a company qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to taxable dividends paid by the Corporation on the Preferred Shares. Rather, the taxable dividends will be taxable in the hands of shareholders as if they had received an interest payment. If for any reason the Corporation fails to maintain its MIC qualification in a particular year, the taxable dividends paid by the Corporation on the Preferred Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Preferred Shares would be subject to the normal gross-up and dividend tax credit rules. The Corporation would no longer be able to pay capital gains dividends. In addition, the Preferred Shares might cease to be qualified investments for Deferred Income Plans, with the effect that penalty taxes would be payable by the Controlling Individual and/or the Deferred Income Plan.
- (b) Dilution – The number of Preferred Shares the Corporation is authorized to issue is unlimited and the directors of the Corporation have the discretion to issue additional Preferred Shares. The proceeds of the Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Preferred Shares in order to raise funds required which will result in a dilution of the interests of the Preferred Shareholders in the Corporation.
- (c) Limited Operating History –The Corporation was formed in 2017 and does have a history of mortgage investment. The Corporation's operations are subject to the risks inherent in the establishment of a new investment activity, including a lack of operating history. The Corporation cannot be certain that its investment strategy will be successful. The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any mortgage investment. If the Corporation fails to address any of these risks or difficulties adequately, its investment performance will likely suffer. There is no assurance that the Corporation can operate profitably or that the Corporation will successfully implement its plans.
- (d) Key Personnel – The operations of the Corporation, the Mortgage Administrator and the Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Corporation to implement its business plan. The Corporation's, the Mortgage Administrator's and the Manager's management teams consist of several key people. In order to manage the Corporation, the Mortgage Administrator and the Manager successfully in the future, it may be necessary to further strengthen their management teams. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Corporation's business, financial condition, and results of operations.
- (e) Competition – The Corporation competes with numerous sources of mortgage lenders, including banks, insurance companies, mortgage funds, mortgage investment corporations, and private lenders, some of which may have greater capital resources. Any unbudgeted capital improvement it is required to undertake may reduce cash available for debt servicing, operations and distributions.

- (f) **Litigation** – The Corporation may become subject to disputes with various parties with whom it maintains relationships or with whom it does business. Any such dispute could result in litigation or other legal proceedings. Whether or not any dispute actually proceeds to litigation, the Corporation may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on its business. Any such resolution could involve the payment of damages, costs or expenses, which may be significant. In addition, any such resolution could involve the Corporation's agreement to certain settlement terms or conditions that may restrict the operation of its business.
- (g) **Reliance on the Mortgage Administrator and the Manager** – In accordance with the terms of the Mortgage Services Agreement between the Corporation and the Mortgage Administrator and the Manager Agreement between the Corporation and the Manager, each of the Mortgage Administrator and the Manager has significant responsibility for assisting the Corporation to conduct its affairs. Any inability of the Mortgage Administrator or the Manager to perform competently or on a timely basis may negatively affect the Corporation.
- (h) **Conflicts of Interest** – Conflicts of interest may exist, and others may arise, between and among Subscribers and the directors and officers and shareholders of the Mortgage Administrator, the Manager and the Corporation and their associates and affiliates. Certain of the shareholders, directors and officers of the Corporation are also shareholders, directors and officers of the Mortgage Administrator and the Manager. As the Mortgage Administrator and the Manager are paid certain fees (as more particularly described elsewhere in this Offering Memorandum) by the Corporation, there exists the possibility that such shareholders, officers and directors will be in a position of conflict. There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favorable to Subscribers. Persons considering a purchase of Preferred Shares pursuant to this Offering must rely on the judgment and good faith of the directors, officers and employees of the Mortgage Administrator, the Manager and the Corporation in resolving such conflicts of interest as may arise. On September 18, 2020, the MIC loaned monies on a mortgage to a related party. This loan was a first priority/position mortgage to a related party family member of the founders of the MIC, Roger Allinson (Director) and Chris Allinson (Director). The first mortgage amount is \$529,885.27 at 5.99% interest rate, which as of January 31 2021, represented 4.65% of the total mortgage portfolio of the MIC. This particular mortgage had a loan-to-value of about 55.00% of the purchase price of the property that it is secured against. The underwriting also included a credit score review of 812 and 862 done by Equifax Canada Inc., which is 30% higher than the average for the other borrowers in the portfolio. At the time the MIC entered into this mortgage, there were in excess of \$1,411,000.00 in idle funds in the MIC.

The Corporation and its shareholders are dependent in large part upon the experience and good faith of the Mortgage Administrator and the Manager. Each of the Mortgage Administrator and the Manager is entitled to and do act in a similar capacity for other companies whose investment criteria may be similar to those of the Corporation.

There is a risk the Mortgage Administrator will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested. Also, the directors of the Mortgage Administrator are employed by or act in other capacities for other companies involved in mortgage and lending activities.

The Manager may act as an investment fund manager or mortgage administrator and selling agent and may receive fees and commissions in connection with investments in entities other than the Corporation, including funds affiliated with the Corporation. As a result, these other entities may compete with the Corporation for financing, resources or otherwise. The Manager has adopted policies and procedures to identify and avoid, or address and disclose to investors, conflicts between its own interests and the interests of the Corporation and/or its shareholders, in accordance with applicable securities legislation. As part of Manager's disclosure to investors, the Manager

will provide a description of all relationships it shares with the Corporation and all related or associated parties or entities.

- (i) Lack of Separate Legal Counsel - The investors, as a group, have not been represented by separate counsel. Neither counsel for the Corporation nor counsel for the Manager or the Mortgage Administrator have acted, or are acting, for the investors nor have conducted any investigation or review on their behalf.
- (j) Future Operations and Possible Need for Additional Funds – The Corporation requires significant funds to carry out its business plan. In the event the Corporation is unable to raise sufficient funds by this Offering and/or future and/or other debt or equity financing, the Corporation may have insufficient funds available to it to implement its business plan, and Subscribers may receive no return on their Preferred Shares. Certain uninsurable or uninsured events may also occur which can substantially reduce the ability of the Corporation to carry on business in a profitable manner, including natural or man-made disasters. The Corporation anticipates that a substantial portion of the net proceeds of this Offering will be expended by the Corporation in investing in residential mortgages, and also anticipates that the net proceeds of the Offering and anticipated cash flow from operating revenues will be sufficient to carry out the Corporation's business plan. There can be no assurances, however, that the Corporation will generate sufficient cash flow from operations or that it will not encounter unexpected costs in connection with implementing its business plan, and as a consequence there can be no assurances that the Corporation will not require additional financing. The Corporation has no current arrangements with respect to any other additional financing, and there can be no assurance that any such additional financing can be obtained on terms acceptable to the Corporation, or at all. Failure to obtain additional financing would likely have a substantial material adverse effect on the Corporation. Moreover, in the event the Corporation was to obtain such additional financing, it could have a dilutive effect on Subscribers' participation in the revenues generated through the Corporation's operations.

Industry Risk

In addition, prospective Subscribers should take note of the following:

- (a) General – There are also risks faced by the Corporation 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 Corporation's Mortgages reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgages. Inherent in these loans are completion risks as well as financing risks.
- (b) Investment Concentration – As the Corporation may have only one or a limited number of mortgage investments, it is susceptible to adverse market conditions such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Demand for residential and commercial mortgages could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing sources of mortgage money. To the extent that any of these conditions occur, they are likely to affect the demand for residential and commercial mortgages and the interest rate, which could cause a decrease in the interest revenue to the Corporation. Any mortgage default could impair the Corporation's ability to pay dividends to its shareholders or could restrict its ability to redeploy capital.
- (c) Credit Risk – As with most mortgage investment corporations, the Corporation provides financing to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation causing the Corporation to incur a financial loss. The Corporation will try to minimize its credit risk primarily by ensuring that the collateral value of the security fully protects both first,

second, and third mortgage advances, that there is a viable exit strategy for each loan, and that loans are made to experienced developers and owners. In addition, the Corporation intends to limit the concentration of risk by diversifying its mortgage portfolio by way of location, property type, maximum loan amount on any one property and maximum loan amount to any one borrower.

- (d) Liquidity Risk – There is a risk that the Corporation will be unable to meet commitments associated with financial instruments. The Corporation controls liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals, which include anticipated redemption of Preferred Shares. The Corporation commits to mortgage investments only on an assured cash availability basis.
- (e) Priority – Financial charges for construction and other financing funded by conventional third-party lenders may rank in priority to the mortgages registered in favor of the Corporation. In the event of default by the mortgagor under any prior financial charge, the Corporation may not recover any or all of the monies advanced under foreclosure proceedings.
- (f) Default – If there is default on a mortgage, it may be necessary for the Corporation, 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 Corporation may be less than the total investment, resulting in loss to the Corporation. Equity investments in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Corporation's income.
- (g) Impaired Loans – The Corporation may, from time to time, have one or more impaired loans in its portfolio, particulars of which can be obtained by contacting the Corporation. The Corporation 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.
- (h) 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, governmental regulation and tax laws. The Corporation cannot predict the effect that such factors will have on its operations.
- (i) Renewal of Mortgages – There can be no assurances that any of the mortgages comprising the Corporation's mortgage portfolio from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as originally negotiated. With respect to each mortgage comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such mortgage. In addition, if the mortgages in the 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 Corporation at the time of renewal.
- (j) Competition – The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Mortgage Administrator and the Manager, to locate suitable opportunities for the investment and re-investment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The investment industry in which the Corporation operates is subject to a wide variety of competition from private businesses in Canada and the United States, many of whom have greater financial and technical resources than the Corporation. Such competition, as well as any future competition, may adversely affect the Corporation's success in the marketplace. There is no assurance that the Corporation will be able to successfully maintain its business plan or operate profitably. Existing competitors may have greater financial, managerial and technical resources, and name recognition than the Corporation. Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

- (k) Risks of Leverage – Successful utilization of leverage, although not expected to be immediately implemented, depends upon the Corporation's ability to borrow funds from outside sources and to lend or invest such funds at a profitable rate of return. The risk of leverage is that it increases the Corporation's exposure to potential losses.
- (l) Environmental – Environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Corporation could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The failure to effect remedial work may adversely affect an owners' ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner.
- (m) Profitability – Although the Corporation will endeavour to maintain a diversified portfolio, the composition of the Corporation's investment portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Corporation's portfolio being less diversified than anticipated. There is no assurance that the Corporation's mortgage portfolio will be profitable.
- (n) Changes in Government Regulations – The Corporation may need to change the manner in which it conducts business if government legislation or regulation changes, including in respect of the Tax Act as it pertains to MICs.

ITEM 9 REPORTING OBLIGATIONS

The Corporation is not subject to continuous reporting and disclosure obligations which the securities legislation in any province would require of a "reporting issuer" as defined in such legislation and there is, therefore, no requirement that the corporation make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with generally accepted accounting principles.

The Corporation is required under the OBCA to send a copy of its annual financial statements to its shareholders.

ITEM 10 RESALE RESTRICTIONS

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

For trades in Alberta, British Columbia, Saskatchewan and Ontario:

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

The Corporation 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.**

For trades in Manitoba:

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

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

ITEM 11 PURCHASER'S RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For more 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 Preferred Shares. Most often, these rights are available if we make a misrepresentation in this Offering Memorandum or any amendment hereto, but in some jurisdictions, you may have these rights in other circumstances including if the Corporation fails to deliver the Offering Memorandum to you within the required time or if we make a misrepresentation in any advertisements or literature regarding Preferred Shares. Generally, a "misrepresentation" means an untrue statement about a material fact or the failure to disclose a material fact that is required to be stated or that is necessary in order to make a 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 Preferred Shares.

The following summaries are subject to any express provisions of the securities legislation of each Selling Jurisdiction 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 a Subscriber may have at law.

Two Day Cancellation Right – You can cancel your Subscription Agreement to purchase the securities. To do so, you must send a notice to the Corporation by midnight on the second Business Day after you sign the Subscription Agreement to buy the securities.

Subscribers in British Columbia, Alberta, Saskatchewan and Manitoba

Statutory rights in the event of a misrepresentation

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

1. the Corporation to cancel your agreement to buy the Preferred Shares; or
2. for damages against:
 - (a) if you are resident in Alberta or Manitoba:
 - (i) the Corporation;
 - (ii) every director of the Corporation at the date of this Offering Memorandum; and
 - (iii) every person or company who signed this Offering Memorandum; and
 - (b) if you are resident in British Columbia:
 - (i) the Corporation;
 - (ii) every director of the Corporation at the date of this Offering Memorandum; and
 - (iii) every person who signed this Offering Memorandum.
 - (c) if you are resident in Saskatchewan:
 - (i) the Corporation;
 - (ii) every promoter of the Corporation at the time this Offering Memorandum or any amendment was sent or delivered;
 - (iii) every director of the Corporation at the time this Offering Memorandum or any amendment was sent or delivered;
 - (iv) every person or company whose consent has been filed respecting this Offering, but only with respect to reports, opinions or statements that have been made by them;

- (v) every person who or company that, in addition to the persons or companies mentioned in paragraphs (2)(c)(i) to (iv), signed this Offering Memorandum or any amendment; and
- (vi) every person who or company that sells Preferred Shares on behalf of the Corporation under this Offering Memorandum or any amendment.

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

Time limitations

If you intend to rely on the rights described above in paragraph (1) or (2), you must do so within strict time limitations.

You must commence an action to cancel the agreement within:

1. if you are resident in Alberta, 180 days from the date of the transaction that gave rise to the cause of action; and
2. if you are resident in British Columbia, Saskatchewan or Manitoba, 180 days after the date of the transaction that gave rise to the cause of action.

You must commence an action for damages within:

1. if you are resident in Alberta, the earlier of:
 - (a) 180 days from the date that you first had knowledge of the facts giving rise to the cause of action; or
 - (b) 3 years from the day of the transaction that gave rise to the cause of action.
2. if you are resident in British Columbia, the earlier of:
 - (a) 180 days after you first had knowledge of the facts giving rise to the cause of action; or
 - (b) 3 years after the date of the transaction that gave rise to the cause of action.
3. if you are resident in Saskatchewan, the earlier of:
 - (a) 1 year after you first had knowledge of the facts giving rise to the cause of action; or
 - (b) 6 years after the date of the transaction that gave rise to the cause of action.
4. if you are resident in Manitoba, the earlier of:
 - (a) 180 days after the date you first had knowledge of the facts giving rise to the cause of action; or
 - (b) 2 years after the date of the transaction that gave rise to the cause of action.

Subscribers in Ontario

Statutory rights in the event of a misrepresentation

If this Offering Memorandum, together with any amendment hereto, is delivered to you and contains a misrepresentation and it was a misrepresentation at the time of purchase of Preferred Shares by you, you will have, without regard to whether you relied on such representation, a right of action against the Corporation for damages or, while still the owner of the Preferred Shares purchased by you, for rescission, in which case if you elect to exercise the right of rescission you will have no right of action for damages against the Corporation. You may exercise these rights of action against the Corporation provided that:

1. the right of action for rescission or damages will be exercisable by you only if you commence an action to enforce such right not later than,
 - (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

- (b) in the case of any action, other than an action for rescission, the earlier of (A) 180 days after you first had knowledge of the facts giving rise to the cause of action or (B) three years after the date of the transaction that gave rise to the cause of action;
- 2. the Corporation will not be liable if it proves that you purchased the Preferred Shares with knowledge of the misrepresentation;
- 3. in the case of an action for damages, the Corporation will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Preferred Shares as a result of the misrepresentation relied upon;
- 4. in no case will the amount recoverable in any action exceed the price at which the Preferred Shares were sold to you; and
- 5. the Corporation will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:
 - (a) this Offering Memorandum contains reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and
 - (b) the Corporation has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

General

The securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario are complex. Reference should be made to the full text of the provisions summarized above relating to statutory rights of action. **Purchasers 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 Purchasers may have at law.**

ITEM 12 DIVIDEND REINVESTMENT PLAN

The Corporation, subject to maintaining the status of the Corporation as a “mortgage investment corporation” under the Tax Act, maintains a dividend reinvestment and Share purchase plan (the “DRIP”). Under the DRIP, Shareholders can reinvest dividends in additional Shares of the Corporation. The Corporation or the Manager administers all aspects of the DRIP. If the Purchaser wishes to participate in the Dividend Reinvestment Plan operated by the Issuer, the Purchaser must complete and return the Enrolment Form for Dividend Reinvestment Plan attached hereto as Schedule “B”.

Eligibility

All holders of Shares are eligible to participate in the DRIP by completing an enrolment form in the form attached hereto as Schedule “B” and returning it to the Corporation (the “Registered Participants”). If a Shareholder wishes to participate in the DRIP, they may enroll any of their Shares in the DRIP.

Investment Date

Dividends are calculated monthly, and paid and reinvested in Shares on a monthly basis (the “Investment Date”). In the future, the Corporation may calculate and pay dividends on the Shares on a quarterly or monthly basis within 15 days after each calendar quarter or month, respectively. The payment of a dividend, and the declaration, record and payment dates applicable to it are determined by the Board of Directors in its sole discretion.

Cost and Attributes of Shares Purchased under the “DRIP”

Shares are purchased at \$1.00 per Share and are issued from the Treasury of the Corporation. The Corporation uses the cash dividends attributable to a Shareholder to purchase additional Shares on behalf of the Shareholder. All Shares acquired through the DRIP are credited to the Shareholder’s account. At the end of each fiscal quarter, unless declared and paid earlier, physical and where applicable, digital certificates will be issued to the Shareholder for all shares acquired under the DRIP for that fiscal year period. No fractional Shares will be issued by the Corporation under the DRIP. Residual cash dividends which are not used to purchase additional Shares will be credited to the account of the Shareholder. No brokerage or administration fees will be charged by the Corporation or the Manager for participation in the DRIP. A Shareholder may elect to purchase additional Shares at the same subscription price and at the same time as they acquire Shares under the DRIP. There is no minimum aggregate subscription amount under the DRIP. Shares issued under the DRIP may not be transferred or pledged.

Transaction Statements

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

Termination of Participation in the DRIP

Participation in the DRIP may be terminated by a Shareholder at any time by giving written notice to the Corporation. In the event that written notice terminating participation in the DRIP is not received by the Corporation at least five business days before an Investment Date, the requested action will not be taken until after such Investment Date.

Liabilities of the Corporation and Manager

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

Amendments to Plan and Termination by Corporation

The Corporation reserves the right to amend, suspend or terminate the DRIP at any time. In the event of any such occurrence, the Corporation will give reasonable notice in writing to all Shareholders. The Corporation and the Manager may make rules and regulations inconsistent with the terms of the DRIP in order to improve the administration of the DRIP.

Tax Consequences

The reinvestment of dividends does not relieve a Shareholder of liability for tax on those dividends. Holders of 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.

Preemptive Rights

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

ITEM 13 FINANCIAL STATEMENTS

The unaudited interim financial statements as of September 30 2021 and the audited financial statements for the Corporation as of December 31, 2020 are set forth below:

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian dollars)

Notice of No Auditors Review of Condensed Interim Financial Statements

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements (unaudited) of Nest Capital Mortgage investment Corporation (the "Company") have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Chartered Professional Accountants (CPA) Canada for a review of interim financial statements by an entity's auditors.

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020

Financial Statements (Unaudited)

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Income and Comprehensive Income	2
Condensed Interim Statements of Changes in Shareholders' Equity	3
Condensed Interim Statements of Cash Flows	4

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NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

		September 30, 2021 \$	December 31, 2020 \$ (Audited)
ASSETS			
Current			
Cash and cash equivalents		3,730,586	572,200
Due from a related party	Note 8	—	194,385
Interest receivable		—	112,761
		3,730,586	879,346
Mortgage Receivable	Note 5	18,864,148	11,668,922
Total assets		22,594,734	12,548,268
LIABILITIES			
Current			
Dividends payable	Note 7	85,625	38,295
Due to a related party	Note 8	71,519	—
		157,144	38,295
Total liabilities		157,144	38,295
SHAREHOLDERS' EQUITY			
Share capital	Note 6	22,437,590	12,509,973
Retained earnings		—	—
Total equity		22,437,590	12,509,973
Total liabilities and shareholders' equity		22,594,734	12,548,268

Nature of operations (Note 1)

Subsequent events (Note 10)

Approved and authorized on behalf of the Board of Directors



Director



Director

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Income and Comprehensive Income (Unaudited)
(Expressed in Canadian dollars)

	For the three months ended September 30, 2021 \$	For the three months ended September 30, 2020 \$	For the nine months ended September 30, 2021 \$	For the nine months ended September 30, 2020 \$
Revenues				
Interest	547,392	327,189	1,364,578	887,989
Total revenue	547,392	327,189	1,364,578	887,989
Expenses				
Provision for mortgage losses (Note 5)	(22,694)	(29,913)	(69,894)	(75,125)
Management fee	(32,880)	(40,770)	(70,117)	(99,794)
Total expenses	(55,574)	(70,683)	(140,011)	(174,919)
Net Income from operations	491,818	256,506	1,224,567	713,070
Earnings per share - basic and diluted	0.03	0.03	0.07	0.07
Weighted average number of shares - basic and diluted	14,971,832	10,044,230	17,473,781	9,973,046

The accompanying notes are an integral part of these condensed interim financial statements

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian dollars)

	Series A Preferred shares		Retained	
	Shares	Amount	Earnings	Total
	#	\$	\$	\$
As at January 1, 2020	8,651,956	8,651,956	—	8,651,956
Shares issued by subscription	1,962,958	1,962,958	—	1,962,958
Shares issued under dividends	467,760	467,760	—	467,760
Redemptions	(438,018)	(438,018)	—	(438,018)
Net Income for the period	—	—	713,070	713,070
Dividends declared	—	—	(713,070)	(713,070)
As at September 30, 2020	10,644,656	10,644,656	—	10,644,656
As at January 1, 2021	12,509,973	12,509,973	—	12,509,973
Shares issued by subscription	9,393,938	9,393,938	—	9,393,938
Shares issued under dividends	653,868	653,868	—	653,868
Redemptions	(120,189)	(120,189)	—	(120,189)
Net Income for the period	—	—	1,224,567	1,224,567
Dividends declared	—	—	(1,224,567)	(1,224,567)
As at September 30, 2021	22,437,590	22,437,590	—	22,437,590

The accompanying notes are an integral part of these condensed interim financial statements

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2021 \$	For the nine months ended September 30, 2020 \$
Operating activities		
Net income and comprehensive income for the period	1,224,567	713,070
Adjustments for items not affecting cash:		
Provision for mortgage losses	69,894	75,125
Changes in working capital items:		
Interest receivable	112,761	27,589
Dividends payable	47,330	57,761
Due from a related party	194,385	—
Due to a related party	71,519	(55,715)
Cash flow from operating activities	1,720,456	817,830
Investing activities		
Cash advances mortgage receivable	(7,265,120)	(2,140,267)
Cashflow used in investing activities	(7,265,120)	(2,140,267)
Financing activities		
Dividends paid	(1,224,567)	(713,070)
Redemptions	(120,189)	(438,018)
Stock dividend	653,868	467,760
Preferred shares Class A	9,393,938	1,962,958
Cashflow from financing activities	8,703,050	1,279,630
Net increase (decrease) in cash	3,158,386	(42,807)
Cash and cash equivalents, beginning of period	572,200	717,762
Cash and cash equivalents, end of period	3,730,586	674,955
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	1,477,339	915,578
Cash dividends paid	(459,952)	(103,205)

1. NATURE OF OPERATIONS

Nest Capital Mortgage Investment Corporation (the "company") was incorporated provincially under the Business Corporations Act of Ontario on April 5, 2017. The company's principal business activity is a Mortgage Investment Corporation as defined in Section 130.1(6) of the Canadian Income Tax Act. Dividends paid in the year or within 90 days after the year end are deductible by the Company in computing its taxable income.

2 BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and follow International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB) as set out in Part I of the CPA Canada Handbook – Accounting. These condensed interim financial statements should be read in conjunction with the company's audited financial statements for the years ended December 31, 2020 and 2019. Significant accounting policies have been consistently applied in the preparation of these condensed interim financial statements, which were authorized for issuance by the board of directors on November 15, 2021.

Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is also the company's functional currency.

Use of estimates and judgements

The preparation of condensed interim financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

The most subjective of these estimates relate to:

- (a) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
- (b) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;
- (c) the measurement of fair value, costs of disposal and the value in use of investment properties; and
- (d) the measurement of the liability and equity components of the convertible debentures which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2 BASIS OF PRESENTATION (Continued)

Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

During the period ended September 30, 2021, the pandemic did not have a material impact on the Company's operations. As at September 30, 2021, the Company did not observe any material impairment of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic. The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings and participation in virtual Company events, trade shows, customer meetings and other virtual events.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instrument assets – initial recognition and measurement

Financial instrument assets are initially recognized when the company becomes a party to a contract. On initial recognition, the measurement category is determined, based on: (i) the business model under which the asset is held, and (ii) the contractual cash flow characteristics of the instrument.

Upon initial recognition, financial assets are measured as either:

- Fair value through profit and loss (FVTPL) – which is the required measurement classification for instruments that are held for trading and derivative assets;
- Amortized cost – if the instrument is held within a business model whose objective is to collect contractual cash flows and the cash flows represent SPPI;
- Fair value through other comprehensive income (FVOCI) – which is required for debt instruments held in a dual-purpose business model, to collect contractual cash flows and to sell the instruments and can be irrevocably elected at initial recognition provided they have not been designated as FVTPL and are not held for trading; or
- Designated as FVTPL – available on initial recognition provided certain criteria are met.

All of the company's mortgages receivable are held in a single business model. The company has concluded that its business model is to hold mortgages receivable to collect contractual cash flows for the following reasons:

- The performance of the mortgage portfolio is assessed on the basis of effective yield, and not on a fair value basis, whether realized or unrealized.
- Neither key management compensation nor remuneration paid to the company's manager is based on the fair values of mortgages receivable.
- Historically the company has not sold, and in the future has no expectations to sell, any of its mortgages receivable. While the company may decrease its interest in a syndicated mortgage receivable by transferring its interest, at its amortized cost carrying amount, to another lender in the syndicate, such transfers are consistent with the business model of holding mortgages receivable to collect contractual cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instrument assets – initial recognition and measurement (Continued)

The returns earned by the company on its mortgages receivable are interest rates that are set at levels to provide an acceptable profit margin based on the time value of money and credit risk, although other basic lending risks (for example, the location and quality of the underlying collateral) may also be built-in. There are no factors that give rise to variation in the return on the company's mortgages receivable other than the time value of money, credit risk and other basic lending risks. Interest rates, or the credit spread for variable rate mortgages, are set for the full term of the loan, which is considered SPPI because the rate is still based on the time value of money and credit risk. The majority of the mortgages receivable can be prepaid after an initial closed period with no penalty, subject to the borrower providing advance written notice according to the terms of their mortgage so the return therefore represents SPPI.

Mortgages receivable are initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method. See Note 3(d) Financial instruments – revenue recognition.

(b) Financial instrument liabilities – initial recognition and measurement

Financial liabilities are measured as either:

- FVTPL – which is required for any financial instrument liabilities that are held for trading and for derivative liabilities;
- Designated as FVTPL – available on initial recognition if either: the instrument includes one or more embedded derivatives and the host contract is not a financial asset; or if the designation meets certain criteria;

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

- Designated as at fair value – if the instrument does not meet the criteria and is designated as at FVTPL and is not otherwise required to be measured as FVTPL, it can still be irrevocably designated at initial recognition as at fair value, meaning that changes in fair value related to changes in own credit risk are presented in other comprehensive income and other changes in fair value are presented in net income; or
- Amortized cost – which is the default category and is also used for any host contract that is a financial instrument liability.

The company's borrowings under credit facility, accounts payable and accrued liabilities, except for the liability for the deferred share unit plan, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures are measured at amortized cost. These financial instrument liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. Gains and losses arising from changes in fair value are recorded in net income and comprehensive income in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments – impairment of assets

Loan commitments and letters of credit (collectively commitments) and mortgages receivable are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model.

The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. The three stages are as follows:

Credit stage and financial assets included	Impairment loss recognized
Stage 1 – commitments and mortgages receivable on initial recognition and existing assets that have not shown a significant increase in credit risk since initial recognition	12-month ECL – portion of lifetime ECLs that represent the ECL from possible default events within the next 12 months
Stage 2 – commitments and mortgages receivable that have experienced a significant increase in credit risk since initial recognition and up to the date of approval of the condensed interim financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

Stage 3 – impaired commitments and mortgages receivable for which there is objective evidence of impairment at the date of approval of the condensed interim financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss
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Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses.

For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. There is a presumption in IFRS 9 *Financial Instruments* (IFRS 9) that credit risk has increased significantly once payments are 30 days past due. However, for residential mortgages receivable, the company's historical experience is that mortgages receivable can become 30 days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgages receivable to move to Stage 2. For residential mortgages receivable that are not 30 days past due, a significant increase in credit risk may still be evidenced by the presence of one or more additional risk factors. For all other mortgages receivable, a significant increase in credit risk is considered to have occurred if payments are 30 days past due or if one or more additional risk factors are present.

The additional risk factors used in assessing credit risk include:

- changes in the financial condition of the borrower;
- responsiveness of the borrower;
- other borrower specific information that may be available, without consideration of collateral;
- current economic conditions: interest rates, housing prices, real estate market statistics and employment statistics; and
- supportable forward-looking information: macro-economic factors, such as forecast real estate values and interest rate forecasts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments – impairment of assets (continued)

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgement. The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and

interest. The company considers a commitment or mortgage receivable to be in default if payments are greater than 30 days past due for residential mortgages receivable, or if an event of default has occurred under the terms of the mortgage commitment, including: non-payment of property taxes, a material adverse change in the financial position of the borrower and/or guarantors or a material adverse change in the property given as security. These definitions are consistent with industry practice. Due to Covid-19, the Company entered into a deferred payment agreement when borrowers could not make their regular mortgage payments. The accrued interest was added and capitalized to the outstanding principal balance. All payments are up to date as per the deferred payment plan. The accrued interest is being recognized as revenue.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions.

Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significantly different over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) single-family residential mortgages receivable and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received.

Mortgages receivable are presented on the condensed interim statements of financial position net of the allowance for mortgage losses. A loss on a mortgage receivable is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until virtually certain of collection.

(d) Financial instruments - revenue recognition

Mortgage interest and fees revenues are recognized in the condensed interim statements of income and comprehensive income using the effective interest method. Mortgage interest and fees revenues include the company's share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying

amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3 (see Note 3(c)).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial instruments - revenue recognition (Continued)

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (which is the contractual life, if a shorter period is not expected) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses (see Note 3(c) Financial instruments – impairment of assets). The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

(e) Financial instruments – derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the asset expire. When the company exercises its security and takes title to the underlying real estate, a mortgage receivable is derecognized on the date of foreclosure.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

(f) Income taxes

The company qualifies as a MIC under the ITA, and as such is not taxed on income provided that its taxable income is distributed to its shareholders in the form of dividends within 90 days after December 31 each year. It is the company's policy to pay such dividends to remain non-taxable. Accordingly, no provision for current or deferred income taxes is required.

(g) Earnings per common share

Basic earnings per common share is calculated by dividing earnings during the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the income and comprehensive income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive items such as convertible debentures and deferred share incentive plans.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Various pronouncements have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the condensed interim financial statements. None of the standards issued to date are expected to have a material effect on the condensed interim financial statements.

Adoption of New Accounting Pronouncements Effective January 1, 2020

IFRS 3 – Definition of a Business. On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The company has evaluated this amendment and concluded that it has no impact on the Company.

5. MORTGAGE RECEIVABLE

Nest Capital Mortgage Investment Corporation - The mortgage receivable has regular interest payments made monthly at rates ranging of 5.99% to 14% per annum, and is secured by first charge, second charge and third charge mortgages on real estate in the Province of Ontario and a general security agreement. The principal balances are due between October 2021 to September 2022.

	September 30, 2021	December 31, 2020
	\$	\$
Mortgages	19,054,695	11,789,575
Allowance for mortgage losses	(190,547)	(120,653)
Mortgage receivable	18,864,148	11,668,922

The total interest receivable have been reflected in these financial statements to the extent they have been earned.

The total allowance for mortgage losses at September 30, 2021 is \$190,547 (December 31, 2020: \$120,653) which represents management's estimate of the ECLs, as a precautionary measure consequent to the current COVID-19 pandemic on mortgages receivable in the company's portfolio and not based on actual losses. The allowance for ECL is calculated at an annual rate of approximately 1% of the mortgage balance receivable.

Due to COVID-19 pandemic, the Company implemented a deferral policy during the year ended December 31, 2020, in which borrowers who were unable to pay, agreed to have the amounts included in the principal balance, as if there were an additional mortgage advance, and interest payment received. During the period ended September 30, 2021, \$Nil (December 31, 2020: \$71,697) in interest payments were deferred, and agreed to be added to the principal balance. In accordance with the revenue recognition policy, these amounts were considered collected and not in default. The effective interest rates on the mortgages is 11.48%.

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

6. SHARE CAPITAL

Authorized:

Unlimited Preferred shares, redeemable and retractable
Unlimited Common voting shares

Unlimited Common non-voting shares

	September 30, 2021	December 31, 2020
	\$	\$
Preferred shares Class : A	22,437,590	12,509,973

	September 30, 2021	December 31, 2020		
	#	\$	#	\$
Unlimited number of voting, redeemable, retractable Class A Preferred shares	12,509,973	12,509,973	8,651,956	8,651,956
Investment	9,393,938	9,393,938	3,771,382	3,771,382
Dividend reinvestment Plan	653,868	653,868	663,028	663,028
Redeemed during the period	(120,189)	(120,189)	(576,393)	(576,393)
Shares outstanding at the end of the period	22,437,590	22,437,590	12,509,973	12,509,973

7. DIVIDENDS PAYABLE

The Company intends to make dividend payments to the shareholders on a monthly basis on or about the 15th day of each following month. The operating policies of the Company set out that the Company intends to distribute to shareholders within 90 days after the year end at least 100% of the net income of the Company determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

For the period September 30, 2021, the Company declared dividends of \$1,224,567 (September 30, 2020 – \$713,070) to its shareholders.

8. DUE FROM / TO A RELATED PARTY

	September 30, 2021	December 31, 2020
	\$	\$
Due from a related party	—	194,385

As at September 30, 2021 \$Nil is receivable (December 31, 2020 - \$194,385) from Nest Capital Mortgage Administrator Inc.

8. DUE FROM / TO A RELATED PARTY (Continued)

	September 30, 2021	December 31, 2020
	\$	\$
Due to a related party	71,519	—

During the period ended September 30, 2021, Management fees of \$71,519 (September 30, 2020 - \$99,794) was charged by Nest Capital Mortgage Administrator Inc.

9. FINANCIAL INSTRUMENTS

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for Classification of financial instruments

Financial assets comprise mortgages receivable and are classified and measured at amortized cost. Financial liabilities compromise accountings payable and accrued liabilities. All financial liabilities are measured as other financial liabilities at amortized cost.

(a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.

- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All financial assets are classified and measured at amortized cost. Their carrying values approximate their fair value due to their relatively short-term maturities and because market interest rates have not fluctuated significantly since the date at which the loans were entered into. The accounts payable and accrued liabilities, and dividends payable approximates their fair values due to the short term nature of the items.

9. FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Mortgages receivable are exposed to credit risk. Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment, resulting in a financial loss to the Company. The maximum exposure to credit risk related to mortgage receivable at September 30, 2021 is \$18,864,148 (December 31, 2020 - \$11,668,922).

The company mitigates the credit risk by maintaining strict credit policies including due diligence processes, credit limits, documentation requirements, review and approval of new and renewed mortgages by the board of directors or a subgroup thereof, quarterly review of the entire portfolio by the board of directors, and other credit policies approved by the board of directors. Credit risk is approved by the board of directors. These credit policies and processes have been consistently applied throughout the period ended September 30, 2021.

All mortgages receivable are secured by the underlying real estate, plus other credit enhancements, which may include guarantees from the borrowers, personal guarantees from the borrower's shareholders and/or cross guarantees from related entities. The quality of the mortgage collateral is primarily driven by the location and type of underlying property and type of mortgage. Management continuously monitors real estate values and considers there to have been no significant changes in the quality of the collateral underlying the remaining mortgage portfolio.

(c) Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at value, which is less than what they are worth; or be unable to settle or recover a financial asset.

Liquidity risk arises from accounts payable and accrued liabilities, amount due to related parties and from shareholders' request to redeem their shares. The Company continues to focus on maintaining adequate liquidity to meet operating working requirements and capital expenditures.

As at September 30, 2021 management considers that it has adequate procedures in place to manage liquidity risk.

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

(d) Interest Rate Risk

The company is not exposed to interest rate risk, as the company's financing is through preferred shares.

(e) Currency Risk

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. The company is not exposed to currency risk as all assets and liabilities are denominated in Canadian funds.

10. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to November 15, 2021, the date the unaudited condensed interim consolidated financial statements were issued, and determined there were no subsequent events to report.



NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian dollars)

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nest Capital Mortgage Investment Corporation

Opinion

I have audited the financial statements of Nest Capital Mortgage Investment Corporation (the Company), which comprise the balance sheet as at December 31, 2020 and 2019, and the statements of income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and the financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Vaughan , Ontario
March 30, 2021

Mit CPA Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

Licensed Public Accountant

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2020 \$	December 31, 2019 \$ (Audited)
ASSETS			
Current			
Cash and cash equivalents		572,200	717,762
Due from a related party		194,385	—
Interest receivable		112,761	75,687
		879,346	793,449
Mortgage Receivable	Note 5	11,668,922	8,040,599
Total assets		12,548,268	8,834,048
LIABILITIES			
Current			
Due to a related party	Note 8	—	155,509
Dividends payable	Note 7	38,295	26,583
		38,295	182,092
Total liabilities		38,295	182,092
SHAREHOLDERS' EQUITY			
Share capital	Note 6	12,509,973	8,651,956
Retained earnings		—	—
Total equity		12,509,973	8,651,956
Total liabilities and shareholders' equity		12,548,268	8,834,048

Nature of operations (Note 1)

Subsequent events (Note 10)

Approved and authorized on behalf of the Board of Directors



(Director)



(Director)

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Statements of Income and Comprehensive Income
(Expressed in Canadian dollars)

	For the year ended December 31, 2020 \$	For the year ended December 31, 2019 \$
Revenues		
Interest	1,103,820	926,815
Lender fee	34,607	—
Total revenue	1,138,427	926,815
Expenses		
Provision for mortgage losses (Note 5)	(120,653)	—
Management fee	—	(155,509)
Total expenses	(120,653)	(155,509)
Net income from operations	1,017,774	771,306
Earnings per share - basic and diluted	0.10	0.10
Weighted average number of shares - basic and diluted	10,580,964	7,966,334

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Series A Preferred shares		Retained	
	Shares	Amount	Earnings	Total
	#	\$	\$	\$
As at January 1, 2018	6,280,713	6,280,713	—	6,280,713
Shares issued by subscription	2,974,102	2,974,102	—	2,974,102
Shares issued under dividends	500,350	500,350	—	500,350
Redemptions	(1,103,209)	(1,103,209)	—	(1,103,209)
Net Income for the year	—	—	771,306	771,306
Dividends declared	—	—	(771,306)	(771,306)
As at December 31, 2019	8,651,956	8,651,956	—	8,651,956
As at January 1, 2020	8,651,956	8,651,956	—	8,651,956
Shares issued by subscription	3,771,382	3,771,382	—	3,771,382
Shares issued under dividends	663,028	663,028	—	663,028
Redemptions	(576,393)	(576,393)	—	(576,393)
Net Income for the year	—	—	1,017,774	1,017,774
Dividends declared	—	—	(1,017,774)	(1,017,774)
As at December 31, 2020	12,509,973	12,509,973	—	12,509,973

See accompanying notes

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION
Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended December 31, 2020 \$	For the year ended December 31, 2019 \$
Operating activities		
Net income and comprehensive income for the year	1,017,774	771,306
Adjustments for items not affecting cash:		
Provision for mortgage losses	120,653	—
Changes in working capital items:		
Interest receivable	(37,074)	(25,024)
Dividends payable	11,712	9,337
Due from a related party	(194,385)	170,773
Management fee payable	(155,509)	155,509
Cash flow from operating activities	763,171	1,081,901
Investing activities		
Cash advances mortgage receivable	(3,748,976)	(2,551,403)
Cashflow used in investing activities	(3,748,976)	(2,551,403)
Financing activities		
Dividends paid	(1,017,774)	(771,306)
Redemptions	(576,393)	(1,103,209)
Stock dividend	663,028	500,350
Preferred shares Class A	3,771,382	2,974,102
Cashflow from financing activities	2,840,243	1,599,937
Net decrease in cash	(145,562)	130,435
Cash and cash equivalents, beginning of year	717,762	587,327
Cash and cash equivalents, end of year	572,200	717,762
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	1,066,746	901,791
Cash dividends paid	(343,034)	(261,619)

1. NATURE OF OPERATIONS

Nest Capital Mortgage Investment Corporation (the "company") was incorporated provincially under the Business Corporations Act of Ontario on April 5, 2017. The company's principal business activity is a Mortgage Investment Corporation as defined in Section 130.1(6) of the Canadian Income Tax Act. Dividends paid in the year or within 90 days after the year end are deductible by the Company in computing its taxable income.

2 BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as set out in Part I of the CPA Canada Handbook – Accounting. Significant accounting policies have been consistently applied in the preparation of these financial statements, which were authorized for issuance by the board of directors on March 30, 2021.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the company's functional currency.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

The most subjective of these estimates relate to:

- (e) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
- (f) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;
- (g) the measurement of fair value, costs of disposal and the value in use of investment properties; and

- (h) the measurement of the liability and equity components of the convertible debentures which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2 BASIS OF PRESENTATION (Continued)

Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

During the year ended December 31, 2020, the pandemic did not have a material impact on the Company's operations. As at December 31, 2020, the Company did not observe any material impairment of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic. The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings and participation in virtual Company events, trade shows, customer meetings and other virtual events.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

3. SIGNIFICANT ACCOUNTING POLICIES

(b) Financial instrument assets – initial recognition and measurement

Financial instrument assets are initially recognized when the company becomes a party to a contract. On initial recognition, the measurement category is determined, based on: (i) the business model under which the asset is held, and (ii) the contractual cash flow characteristics of the instrument.

Upon initial recognition, financial assets are measured as either:

- Fair value through profit and loss (FVTPL) – which is the required measurement classification for instruments that are held for trading and derivative assets;
- Amortized cost – if the instrument is held within a business model whose objective is to collect contractual cash flows and the cash flows represent SPPI;

- Fair value through other comprehensive income (FVOCI) – which is required for debt instruments held in a dual-purpose business model, to collect contractual cash flows and to sell the instruments and can be irrevocably elected at initial recognition provided they have not been designated as FVTPL and are not held for trading; or
- Designated as FVTPL – available on initial recognition provided certain criteria are met.

All of the company's mortgages receivable are held in a single business model. The company has concluded that its business model is to hold mortgages receivable to collect contractual cash flows for the following reasons:

- The performance of the mortgage portfolio is assessed on the basis of effective yield, and not on a fair value basis, whether realized or unrealized.
- Neither key management compensation nor remuneration paid to the company's manager is based on the fair values of mortgages receivable.
- Historically the company has not sold, and in the future has no expectations to sell, any of its mortgages receivable. While the company may decrease its interest in a syndicated mortgage receivable by transferring its interest, at its amortized cost carrying amount, to another lender in the syndicate, such transfers are consistent with the business model of holding mortgages receivable to collect contractual cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instrument assets – initial recognition and measurement (Continued)

The returns earned by the company on its mortgages receivable are interest rates that are set at levels to provide an acceptable profit margin based on the time value of money and credit risk, although other basic lending risks (for example, the location and quality of the underlying collateral) may also be built-in. There are no factors that give rise to variation in the return on the company's mortgages receivable other than the time value of money, credit risk and other basic lending risks. Interest rates, or the credit spread for variable rate mortgages, are set for the full term of the loan, which is considered SPPI because the rate is still based on the time value of money and credit risk. The majority of the mortgages receivable can be prepaid after an initial closed period with no penalty, subject to the borrower providing advance written notice according to the terms of their mortgage so the return therefore represents SPPI.

Mortgages receivable are initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method. See Note 3(d) Financial instruments – revenue recognition.

(d) Financial instrument liabilities – initial recognition and measurement

Financial liabilities are measured as either:

- FVTPL – which is required for any financial instrument liabilities that are held for trading and for derivative liabilities;
- Designated as FVTPL – available on initial recognition if either: the instrument includes one or more embedded derivatives and the host contract is not a financial asset; or if the designation meets certain criteria;
- Designated as at fair value – if the instrument does not meet the criteria and is designated as at FVTPL and is not otherwise required to be measured as FVTPL, it can still be irrevocably designated at initial recognition as at fair value, meaning that changes in fair value related to changes in own credit risk are presented in other comprehensive income and other changes in fair value are presented in net income; or
- Amortized cost – which is the default category and is also used for any host contract that is a financial instrument liability.

The company's borrowings under credit facility, accounts payable and accrued liabilities, except for the liability for the deferred share unit plan, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures are measured at amortized cost. These financial instrument liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. Gains and losses arising from changes in fair value are recorded in net income and comprehensive income in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments – impairment of assets

Loan commitments and letters of credit (collectively commitments) and mortgages receivable are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model.

The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. The three stages are as follows:

Credit stage and financial assets included	Impairment loss recognized
Stage 1 – commitments and mortgages receivable on initial recognition and existing assets that have not shown a significant increase in credit risk since initial recognition	12-month ECL – portion of lifetime ECLs that represent the ECL from possible default events within the next 12 months
Stage 2 – commitments and mortgages receivable that have experienced a significant increase in credit risk since initial recognition and up to the date of approval of the financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss
Stage 3 – impaired commitments and mortgages receivable for which there is objective evidence of impairment at the date of approval of the financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss

Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses.

For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. There is a presumption in IFRS 9 *Financial Instruments* (IFRS 9) that credit risk has increased significantly once payments are 30 days past due. However, for residential mortgages receivable, the company's historical experience is that mortgages receivable can become 30 days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgages receivable to move to Stage 2. For residential mortgages receivable that are not 30 days past due, a significant increase in credit risk may still be evidenced by the presence of

one or more additional risk factors. For all other mortgages receivable, a significant increase in credit risk is considered to have occurred if payments are 30 days past due or if one or more additional risk factors are present.

The additional risk factors used in assessing credit risk include:

- changes in the financial condition of the borrower;
- responsiveness of the borrower;
- other borrower specific information that may be available, without consideration of collateral;
- current economic conditions: interest rates, housing prices, real estate market statistics and employment statistics; and
- supportable forward-looking information: macro-economic factors, such as forecast real estate values and interest rate forecasts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments – impairment of assets (continued)

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgement. The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. The company considers a commitment or mortgage receivable to be in default if payments are greater than 30 days past due for residential mortgages receivable, or if an event of default has occurred under the terms of the mortgage commitment, including: non-payment of property taxes, a material adverse change in the financial position of the borrower and/or guarantors or a material adverse change in the property given as security. These definitions are consistent with industry practice. Due to Covid-19, the Company entered into a deferred payment agreement when borrowers could not make their regular mortgage payments. The accrued interest was added and capitalized to the outstanding principal balance. All payments are up to date as per the deferred payment plan. The accrued interest is being recognized as revenue.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions.

Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significantly different over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) single-family residential mortgages receivable and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received.

Mortgages receivable are presented on the statements of financial position net of the allowance for mortgage losses. A loss on a mortgage receivable is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until virtually certain of collection.

(i) Financial instruments - revenue recognition

Mortgage interest and fees revenues are recognized in the statements of income and comprehensive income using the effective interest method. Mortgage interest and fees revenues include the company's share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3 (see Note 3(c)).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial instruments - revenue recognition (Continued)

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (which is the contractual life, if a shorter period is not expected) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses (see Note 3(c) Financial instruments – impairment of assets). The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

(j) Financial instruments – derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the asset expire. When the company exercises its security and takes title to the underlying real estate, a mortgage receivable is derecognized on the date of foreclosure.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

(k) Income taxes

The company qualifies as a MIC under the ITA, and as such is not taxed on income provided that its taxable income is distributed to its shareholders in the form of dividends within 90 days after December 31 each year. It is the company's policy to pay such dividends to remain non-taxable. Accordingly, no provision for current or deferred income taxes is required.

(l) Earnings per common share

Basic earnings per common share is calculated by dividing earnings during the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the income and comprehensive income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive items such as convertible debentures and deferred share incentive plans.

6. RECENT ACCOUNTING PRONOUNCEMENTS

Various pronouncements have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the financial statements. None of the standards issued to date are expected to have a material effect on the financial statements.

Adoption of New Accounting Pronouncements Effective January 1, 2020

IFRS 3 – Definition of a Business. On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The company has evaluated this amendment and concluded that it has no impact on the Company.

7. MORTGAGE RECEIVABLE

Nest Capital Mortgage Investment Corporation - The mortgage receivable has regular interest payments made monthly at rates ranging of 5.99% to 14% per annum, and is secured by first charge, second charge and third charge mortgages on real estate in the Province of Ontario and a general security agreement. The principal balances are due between January 2021 to December 2021.

	December 31, 2020	December 31, 2019
	\$	\$
Mortgages	11,789,575	8,040,599
Allowance for mortgage losses	(120,653)	—
Mortgage receivable	11,668,922	8,040,599

The total interest receivable have been reflected in these financial statements to the extent they have been earned.

The total allowance for mortgage losses at December 31, 2020 is \$120,653 (December 31, 2019: \$Nil) which represents management's estimate of the ECLs, as a precautionary measure consequent to the current COVID-19 pandemic on mortgages receivable in the company's portfolio and not based on actual losses. The allowance for ECL is calculated at an annual rate of approximately 1% of the mortgage balance receivable.

During the period ended December 31, 2020, due to COVID-19 pandemic, the Company implemented a deferral policy, in which borrowers who were unable to pay, agreed to have the amounts included in the principal balance, as if there were an additional mortgage advance, and

interest payment received. During the period ended December 31, 2020, \$71,697 in interest payments were deferred, and agreed to be added to the principal balance. In accordance with the revenue recognition policy, these amounts were considered collected and not in default. The effective interest rates on the mortgages is 11.89%.

6. SHARE CAPITAL

Authorized:

Unlimited Preferred shares, redeemable and retractable

Unlimited Common voting shares

Unlimited Common non-voting shares

	December 31, 2020	December 31, 2019
	\$	\$
Preferred shares Class : A	12,509,973	8,651,956

	December 31, 2020		December 31, 2019	
	#	\$	#	\$
Unlimited number of voting, redeemable, retractable Class A Preferred shares	8,651,956	8,651,956	6,280,713	6,280,713
Investment	3,771,382	3,771,382	2,974,102	2,974,102
Dividend reinvestment Plan	663,028	663,028	500,350	500,350
Redeemed during the year	(576,393)	(576,393)	(1,103,209)	(1,103,209)
Shares outstanding at the end of the year	12,509,973	12,509,973	8,651,956	8,651,956

7. DIVIDENDS PAYABLE

The Company intends to make dividend payments to the shareholders on a monthly basis on or about the 15th day of each following month. The operating policies of the Company set out that the Company intends to distribute to shareholders within 90 days after the year end at least 100% of the net income of the Company determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

For the period December 31, 2020, the Company recorded dividends of \$1,017,774 (December 31, 2019 – \$771,306) to its shareholders.

8. DUE FROM (TO) A RELATED PARTY

	December 31, 2020	December 31, 2019
	\$	\$
Due from a related party	194,385	—

As at December 31, 2020, \$194,385 is receivable (December 31, 2019 – (\$155,509)) from Nest Capital Mortgage Administrator Inc. During the year ended December 31, 2020, Management fees of \$Nil (December 31, 2019 - \$155,509) was charged by Nest Capital Mortgage Administrator Inc.

8. DUE TO A RELATED PARTY (Continued)

During the period ended December 31, 2020 , Lincolnville Inc., a corporation controlled by Roger Allinson one of the directors of Nest Capital Mortgage Administrator Inc., subscribed for Nil (December 31, 2019 -14,338) Class A Preferred Shares for cash consideration of \$Nil (December 31, 2019 - \$14,338.)

9. FINANCIAL INSTRUMENTS

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for Classification of financial instruments

Financial assets comprise mortgages receivable and are classified and measured at amortized cost. Financial liabilities compromise accountings payable and accrued liabilities. All financial liabilities are measured as other financial liabilities at amortized cost.

(f) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement

date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All financial assets are classified and measured at amortized cost. Their carrying values approximate their fair value due to their relatively short-term maturities and because market interest rates have not fluctuated significantly since the date at which the loans were entered into. The accounts payable and accrued liabilities, and dividends payable approximates their fair values due to the short term nature of the items.

9. FINANCIAL INSTRUMENTS (Continued)

(g) Credit risk

Mortgages receivable are exposed to credit risk. Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment, resulting in a financial loss to the Company. The maximum exposure to credit risk related to mortgage receivable at December 31, 2020 is \$11,668,922 (December 31, 2019 - \$8,040,599).

The company mitigates the credit risk by maintaining strict credit policies including due diligence processes, credit limits, documentation requirements, review and approval of new and renewed mortgages by the board of directors or a subgroup thereof, quarterly review of the entire portfolio by the board of directors, and other credit policies approved by the board of directors. Credit risk is approved by the board of directors. These credit policies and processes have been consistently applied throughout the period ended December 31, 2020.

All mortgages receivable are secured by the underlying real estate, plus other credit enhancements, which may include guarantees from the borrowers, personal guarantees from the borrower's shareholders and/or cross guarantees from related entities. The quality of the mortgage collateral is

primarily driven by the location and type of underlying property and type of mortgage. Management continuously monitors real estate values and considers there to have been no significant changes in the quality of the collateral underlying the remaining mortgage portfolio.

(h) Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at value, which is less than what they are worth; or be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, amount due to related parties and from shareholders' request to redeem their shares. The Company continues to focus on maintaining adequate liquidity to meet operating working requirements and capital expenditures.

As at December 31, 2020 management considers that it has adequate procedures in place to manage liquidity risk.

(i) Interest Rate Risk

The company is not exposed to interest rate risk, as the company's financing is through preferred shares.

(j) Currency Risk

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. The company is not exposed to currency risk as all assets and liabilities are denominated in Canadian funds.

10. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to March 30, 2021, the date the financial statements were issued, and determined there were no subsequent events to report.

ITEM 14 DATE AND CERTIFICATE

DATED this 31 day of October 2021.

This Offering Memorandum does not contain a misrepresentation.

NEST CAPITAL MORTGAGE INVESTMENT CORPORATION



President



Chief Compliance Officer

ON BEHALF OF THE BOARD OF DIRECTORS



Roger Allinson, Director



Chris Allinson, Director

SCHEDULE "A" SUBSCRIPTION AGREEMENT

SUBSCRIPTION FOR PREFERRED SHARES

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")

AND TO: TOKENGX or Fundscraper Capital Inc. Inc.. (the "Agent")

The undersigned (the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number of Class A Preferred Shares (a "Preferred Share") of the Corporation set forth below for the aggregate subscription price ("Aggregate Subscription Amount") set forth below, representing a subscription price of \$1.00 per Preferred Share, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Preferred Shares of NEST CAPITAL Mortgage Investment Corporation" attached hereto (together with this page and attached Schedules, the "Subscription Agreement"). **In addition to this face page, the Subscriber must also complete all applicable Schedules and Exhibits attached hereto.**

Full Legal Name of Subscriber (please print)
By: _____
Signature of Subscriber or its Authorized Representative

Official Title or Capacity (please print)

Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)

Subscriber's Address (including postal code)

Telephone Number (including area code)

E-mail Address

SIN or Business Number

Aggregate Subscription Amount: \$ _____

Number of Class A Preferred Shares: _____

<u>Disclosed Beneficial Purchaser Information:</u>	
If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to applicable securities legislation, complete the following and ensure that Schedule A and Schedule D, if applicable, is completed in respect of such principal:	

(Name of Principal)	

(Principal's address)	

(Telephone Number)	(E-mail Address)

<u>Joint or Additional Subscriber</u>	

Full Legal Name of Joint or Additional Subscriber (please print)	

Subscriber's Address (including postal code)	

Telephone Number (including area code)	
<input type="checkbox"/>	Joint Tenants with Right of Survivor Ship (both subscribers must sign and initial where required)
<input type="checkbox"/>	Tenants in Common (both subscribers must sign and initial where required)

<u>Register the Preferred Shares (if different) as follows:</u>	

Names	

Account references, if applicable	

Address (including postal code)	

<u>Deliver the Preferred Shares (if different from address given above) as follows:</u>
--

ACCEPTANCE: The Corporation hereby accepts the

_____	_____
Name	Contact Name

Account reference, if applicable	

Address (including postal code)	

Telephone Number (including area code)	

subscription as set forth above on the terms and conditions contained in this Subscription Agreement and the Corporation represents and warrants to the Subscriber that the representations and warranties made by the Corporation to the Agent in the Agency Agreement (as defined herein), or as is applicable or used from time to time, are true and correct in all material respects as of the Closing Date (as defined herein) (save and except as waived in whole or in part by the Agent) and that the Subscriber is entitled to rely thereon.

NEST CAPITAL Mortgage Investment Corporation

_____, 20____

Per: _____

No.: _____

This is the first page of an agreement comprised of 13 pages (excluding the Schedules and Exhibits hereto).

PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:

1. a signed copy of this Subscription Agreement;
2. a certified cheque, bank draft or wire transfer in an amount equal to the Aggregate Subscription Amount in immediately payable funds, payable to "**NEST CAPITAL Mortgage Investment Corporation**";
3. if the Subscriber is purchasing Preferred Shares as an "accredited investor" and resident in British Columbia, Alberta, Saskatchewan, Manitoba or Ontario, one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "A" (including a duly completed and initialed copy of Exhibit A to Schedule "A" **and, if you are an individual described in paragraphs (j), (k), or (l) of the definition of "accredited investor" in Section 1.1 of NI 45-106 (which definition is reproduced in Exhibit A to Schedule "A")**), a duly completed and signed copy of Exhibit B to Schedule "A");
4. if the Subscriber is purchasing the Preferred Shares in reliance on the "offering memorandum exemption" and is resident in British Columbia, Alberta, Saskatchewan, Manitoba or Ontario, one (1) copy of a Representation Letter in the form attached to this Subscription Agreement as Schedule "B" **and, if applicable**, one (1) copy of a Representation Letter in the form attached to this Subscription Agreement as Schedule "C";
5. if the Subscriber is not a resident of Canada or the United States, one (1) copy of each of the Representation Letters in the forms attached to this Subscription Agreement as Schedule "A" and Schedule "D"; and
6. if the Subscriber is purchasing Preferred Shares as "family, a friend or business associate", one (1) copy of the Representation Letter and Risk Acknowledgement in the form attached to this Subscription Agreement as Schedules "B" and "E"; and
7. if the Subscriber is a person but not an individual that subscribes for a "minimum amount investment" of \$150,000.00, one (1) copy of the Representation Letter and Risk Acknowledgement in the form attached to this Subscription Agreement as Schedules "B" and "F".

PLEASE DELIVER YOUR SUBSCRIPTION TO:

Nest Capital Mortgage Investment Corporation
5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9
Attention: Chris Allinson

T: 416-628-2033
Email: chris.allinson@nestcapital.ca

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
PREFERRED SHARES OF NEST CAPITAL MORTGAGE INVESTMENT CORPORATION**

1. **Definitions.** In this Subscription Agreement:
 - (a) "Agency Agreement" shall have the meaning ascribed thereto in Section 12 hereof;
 - (b) "Agent" means TokenGX Inc.;
 - (c) "Aggregate Subscription Amount" has the meaning set forth on the face page hereof;
 - (d) "Closing Date" means the date of closing of this Offering, being such date or date(s) as the Corporation and the Agent may agree upon;
 - (e) "Corporation" means NEST CAPITAL Mortgage Investment Corporation, a corporation incorporated under the laws of Ontario;
 - (f) "NI 45-106" means National Instrument 45-106 entitled *Prospectus Exemptions*;
 - (g) "Offering" shall have the meaning ascribed thereto in paragraph 2(b) hereof;
 - (h) "Offering Memorandum" means the offering memorandum of the Corporation dated May 1, 2017 and as amended thereafter; and
 - (i) "Preferred Shares" means Class A Preferred Shares in the capital of the Corporation.
2. **Acknowledgements of the Subscriber.** The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:
 - (a) this subscription is subject to rejection or acceptance by the Corporation, and is effective only upon acceptance by the Corporation;
 - (b) the Preferred Shares subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Corporation of up to 50,000,000 Class A Preferred Shares at a subscription price of \$1.00 per Preferred Share for aggregate gross proceeds of up to \$50,000,000, all pursuant to the Offering Memorandum (the "Offering");
 - (c) the Corporation may use the Agent appointed as agent pursuant to the Agency Agreement to offer the Preferred Shares on a "commercially reasonable efforts" basis and the Corporation will agreed to pay to the Agent a fee up to 5.0% of the gross proceeds from sales of Preferred Shares under the Offering, to reimburse the Agent for its reasonable expenses incurred pursuant to the Offering (including reasonable legal fees);
 - (d) there is a minimum offering pursuant to the Offering Memorandum which may be waived by the Corporation, and therefore the Subscriber may be the only purchaser under the Offering;
 - (e) **the Subscriber is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement; and**
 - (f) **there are risks associated with an investment in the Preferred Shares including, without limitation, those risks set out in this Subscription Agreement and the Offering Memorandum and, as a result, the Subscriber may lose its entire investment.**
3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation, the Agent and their respective counsel (and acknowledges that the Corporation, the Agent and their respective counsel are relying thereon), as at the date hereof and the Closing Date, that:
 - (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to

execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;

- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver and be bound by this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
- (c) if the Subscriber is a body corporate, partnership, unincorporated association or other entity, the Subscriber has been duly incorporated or created and is validly subsisting under the laws of its jurisdiction of incorporation or creation;
- (d) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
- (e) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constituting documents (if the Subscriber is not an individual) or any agreement or covenant to which the Subscriber is a party or by which it is bound;
- (f) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
 - i. has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Preferred Shares;
 - ii. is capable of assessing the proposed investment in the Preferred Shares as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation;
 - iii. is aware of the characteristics of the Preferred Shares and the risks relating to an investment therein; and
 - iv. is able to bear the economic risk of loss of its investment in the Preferred Shares;
- (g) the Subscriber acknowledges that:
 - i. no securities commission or similar regulatory authority has reviewed or passed on the merits of the Preferred Shares;
 - ii. there is no government or other insurance covering the Preferred Shares;
 - iii. there are risks associated with the purchase of the Preferred Shares;
 - iv. there are restrictions on the Subscriber's ability to resell the Preferred Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Preferred Shares; and
 - v. the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Ontario) and other applicable securities laws and, as a consequence of acquiring Preferred Shares pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Ontario) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber;

- (h) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Preferred Shares, and the issuance of the Preferred Shares is exempted from the prospectus requirements available under the provisions of applicable securities laws, and as a result:
 - i. the Subscriber is restricted from using some of the civil remedies otherwise available under applicable securities laws;
 - ii. the Subscriber will not receive information that would otherwise be required to be provided to it under applicable securities laws; and
 - iii. the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (i) other than the Offering Memorandum, the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive, any prospectus or any other document (other than the annual financial statements, interim financial statements or any other document (excluding offering memoranda, prospectuses or other offering documents) the content of which is prescribed by statute or regulation) describing the business and affairs of the Corporation, which has been prepared for delivery to and review by prospective purchasers in order to assist them in making an investment decision in respect of the purchase of Preferred Shares pursuant to the Offering;
- (j) the Subscriber has been solely responsible its own due diligence investigation of the Corporation and its business, and analysis of the merits and risks of the investment in the Preferred Shares, and is not relying on anyone else's analysis or investigation of the Corporation, its business or the merits and risks of the Preferred Shares;
- (k) the Subscriber confirms that neither the Corporation, the Agent nor any of their representative directors, employees, officers, agents, representatives or affiliates, have made any representations (written or oral) to the Subscriber:
 - i. regarding the future value of the Preferred Shares;
 - ii. that any person will resell or repurchase the Preferred Shares;
 - iii. that any of the Preferred Shares will be listed on any stock exchange or traded on any market; or
 - iv. that any person will refund the purchase price of the Preferred Shares other than as provided in this Subscription Agreement;
- (l) the Subscriber confirms that it has been advised to consult its own legal and financial advisors in its own jurisdiction of residence with respect to the suitability of the Preferred Shares as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Preferred Shares, and the resale restrictions and "hold periods" to which the Preferred Shares are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation or the Agent with respect to such suitability, tax consequences, and resale restrictions;
- (m) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Preferred Shares, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;

- (n) the Subscriber acknowledges that it and/or the Corporation or the Agent may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Preferred Shares and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Preferred Shares as agent for an undisclosed principal, the Subscriber will provide to the Corporation and the Agent, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation or the Agent in order to comply with the foregoing;
- (o) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation or the Agent, other than pursuant to the Offering Memorandum delivered to the Subscriber and except as expressly set forth herein;
- (p) unless the Subscriber satisfies Section 3(q), 3(r) or 3(s) below, the Subscriber satisfies one of subsections (i), (ii) or (iii) below:
 - i. **if the Subscriber is resident in or otherwise subject to the applicable securities laws of British Columbia, Alberta, Saskatchewan, Manitoba or Ontario**, the Subscriber is purchasing the Preferred Shares as principal (or is deemed to be purchasing as principal) for its own account, not for the benefit of any other person, the Subscriber is an "accredited investor" as defined in National Instrument 45-106 entitled *Prospectus Exemptions* ("NI 45-106") (or, if applicable for Subscribers in Ontario, the corresponding categories for the definition of an "accredited investor" as defined in Section 73.3 of the *Securities Act* (Ontario)), which definitions are reproduced in Exhibit A to Schedule "A" attached hereto, the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" hereto, the Subscriber is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada **and the Subscriber has executed and delivered to the Corporation a Representation Letter in the form attached hereto as Schedule "A" indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definitions (including a duly completed and initialed copy of Exhibit A to Schedule "A" and, if the Subscriber is an individual described in paragraphs (j), (k), or (l) of the definition of "accredited investor" in Section 1.1 of NI 45-106, a duly completed and signed copy of Exhibit B to Schedule "A"); OR**
 - ii. **if the Subscriber is not an accredited investor and is resident in or otherwise subject to the applicable securities laws of Alberta, Saskatchewan, Manitoba or Ontario**, it is purchasing the Preferred Shares as principal (or is deemed to be purchasing as principal) for its own account and not for the benefit of any other person, it has received or been provided with a copy of the Offering Memorandum, it is an eligible investor (in which case, it was not created or used solely to purchase or hold securities as an eligible investor as defined in paragraph (a) of the definition of "eligible investor" in NI 45-106), if the Subscriber is an investment fund, the investment fund is a non-redeemable investment fund or is a mutual fund that is a reporting issuer, **and the Subscriber has executed and delivered to the Corporation each of the Representation Letters in the forms attached hereto as Schedule "B" and Schedule "C"; OR**
 - iii. **if the Subscriber is not an accredited investor and is resident in or otherwise subject to the applicable securities laws of British Columbia**, it is purchasing the Preferred Shares as principal (or is deemed to be purchasing as principal) for its own account and not for the benefit of any other person and it has received or been

provided with a copy of the Offering Memorandum **and the Subscriber has executed and delivered to the Corporation the Representation Letter in the form attached hereto as Schedule "B"; OR**

- (q) **if the Subscriber is not purchasing the Preferred Shares as principal pursuant to section 3(p),** it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Preferred Shares, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Preferred Shares for whom it may be acting, it is resident in the jurisdiction set out as the "Subscriber's Residential Address" and each beneficial purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser Information" and the purchase by and sale of the Preferred Shares, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction(s), and:
- i. it is acting as agent for a disclosed beneficial purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser's Residential Address" and who complies with section 3(p)(i) hereof as if all references therein were to the disclosed beneficial purchaser rather than to the Subscriber **and the Subscriber has concurrently executed and delivered a Representation Letter in the form attached hereto as Schedule "A" on behalf of such disclosed beneficial purchaser; or**
 - ii. it is deemed to be purchasing as principal under NI 45-106 because it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" attached hereto (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) **and has concurrently executed and delivered a Representation Letter in the form attached hereto as Schedule "A" indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" hereto;**
- (r) **if the Subscriber is not purchasing the Preferred Shares pursuant to sections 3(p) or 3(q),** the Subscriber and each person on whose behalf the Subscriber is contracting is a resident of a jurisdiction outside of both Canada and the United States, it has concurrently executed and delivered the Representation Letters in the form attached to this Subscription Agreement as Schedule "A" and Schedule "D" and will provide such evidence of compliance with all matters described in such Representation Letters as the Corporation, the Agent or their respective counsel may request including that: (a) the purchase of the Preferred Shares does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not trigger (i) any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise, or (ii) any registration or other obligation on the part of the Corporation; and (b) the sale of the Preferred Shares as contemplated in this Subscription Agreement would, if completed, be made pursuant to an

exemption from the prospectus and registration requirements (or similar requirements) under the applicable securities legislation of the Subscriber's jurisdiction of residence;

- (s) **if the Subscriber is not purchasing the Preferred Shares pursuant to sections 3(p), 3(q) or 3(r), is resident in or otherwise subject to the applicable securities laws of Saskatchewan or Ontario, (and recommended for any other province of Canada),** the Subscriber is purchasing the Preferred Shares as principal (or is deemed to be purchasing as principal) for its own account, not for the benefit of any other person, the Subscriber is "family, a friend or business associate" as defined in National Instrument 45-106 entitled *Prospectus Exemptions* ("NI 45-106") (or, if applicable for Subscribers in Ontario, the corresponding categories for the definition of "family, friend and business associates" as defined in Section 73.3 of the *Securities Act* (Ontario)), which definitions are reproduced in Schedule "E" attached hereto, **and the Subscriber has executed and delivered to the Corporation the Representation Letter and Risk Acknowledgement in the form attached hereto as Schedules "B" and "E" indicating that the Subscriber fits within one of the categories of "family, friends and business associates" set forth in such definitions;**
- (t) **if the Subscriber is not purchasing the Preferred Shares pursuant to sections 3(p), 3(q), 3(r), or 3(s) is resident in or otherwise subject to the applicable securities laws of any province of Canada,** the Subscriber is purchasing the Preferred Shares as principal (or is deemed to be purchasing as principal) for its own account, not for the benefit of any other person, the Subscriber is not an individual and acquiring a "minimum amount investment" of \$150,000.00 paid in cash at the time of the distribution as defined in National Instrument 45-106 entitled *Prospectus Exemptions* ("NI 45-106"), which definitions are reproduced in Schedule "F" attached hereto, **and the Subscriber has executed and delivered to the Corporation the Representation Letter and Risk Acknowledgement in the form attached hereto as Schedules "B" and "F" indicating that the Subscriber fits within the category of "minimum amount investment" set forth in such definitions;**
- (u) it has been independently advised as to restrictions with respect to trading in the Preferred Shares imposed by applicable securities legislation in the jurisdiction in which it resides or is located, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation or the Agent with respect thereto;
- (v) the Subscriber understands that it may not be able to resell the Preferred Shares except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and neither the Corporation nor the Agent is in any way responsible for) the Subscriber's compliance with applicable resale restrictions;
- (w) **the Subscriber acknowledges that it is aware that there is no market upon which any of the Preferred Shares trade and that none may develop and there is no assurance that any of the Preferred Shares will be listed and posted for trading on a stock exchange or dealer network in the future;**
- (x) **the Subscriber acknowledges that it is aware that the Corporation is not a "reporting issuer" or the equivalent in any jurisdiction of Canada and therefore, the Preferred Shares will be subject to a hold period which may be of indefinite duration;**
- (y) the Subscriber understands that any certificates representing the Preferred Shares will bear a legend in accordance with applicable securities legislation indicating that the resale of such securities is restricted and the Subscriber will not sell any of the Preferred Shares except in accordance with applicable securities legislation;
- (z) the Subscriber has not become aware of any advertisement in printed media of general and regular paid circulation or on radio, television or other form of telecommunication or any

other form of advertisement (including electronic display or the Internet) or sales literature with respect to the distribution of the Preferred Shares;

- (aa) the Subscriber acknowledges that the Agent has not engaged in or conducted an independent investigation on behalf of the Subscriber with respect to the Corporation or the transactions contemplated by this Subscription Agreement to the same extent or level that the Agent would for a prospectus offering, and that the Agent and its representatives are not liable for any information given or statement made to the Subscriber by the Corporation in connection with the Corporation or the transactions contemplated by this Subscription Agreement, and the Subscriber hereby releases the Agent and its representatives from any claim that may arise in respect of this Subscription Agreement or the transaction contemplated hereby;
- (bb) except for the representations and warranties made by the Corporation to the Agent pursuant to the Agency Agreement, the Subscriber has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation or the Agent, such publicly available information having been delivered to the Subscriber without independent investigation or verification by the Agent, and agrees that the Agent assumes no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of publicly available information and acknowledges that Corporation's counsel and the Agent's counsel are acting as counsel to the Corporation and the Agent, respectively, and not as counsel to the Subscriber;
- (cc) the Subscriber is aware that the Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act"), or the securities laws of any state and that the Preferred Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and it acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Preferred Shares;
- (dd) the Subscriber is not a "U.S. person" (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Preferred Shares for the account or benefit of a U.S. person or a person in the United States;
- (ee) the Subscriber acknowledges that the Preferred Shares have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Preferred Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered, unless such person is a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States signing on behalf of a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a disclosed beneficial purchaser which is a not in the United States or a U.S. person;
- (ff) the Subscriber undertakes and agrees that it will not offer or sell any of the Preferred Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available, and further that it will not resell the Preferred Shares, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;
- (gg) the Subscriber has not purchased the Preferred Shares as a result of any form of "directed selling efforts", as such term is defined in Regulation S under the U.S. Securities Act;

- (hh) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Preferred Shares;
 - (ii) the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
 - (jj) the Subscriber has reviewed the "Privacy Notice" on page 13 of this Subscription Agreement, and agrees to and accepts all covenants, representations and consents as set out therein;
 - (kk) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCMLA") and the Subscriber acknowledges that the Corporation or the Agent may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;
 - (ll) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such financings may have a dilutive effect on shareholders, including the Subscriber; and
 - (mm) **the Subscriber acknowledges that an investment in the Preferred Shares is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada, has no obligation to become a reporting issuer, and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for the Preferred Shares, and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Preferred Shares. Resale of such Preferred Shares will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with applicable securities legislation concerning the purchase, holding of, and resale of the Preferred Shares.**
4. **Timeliness of Representations, etc.** The Subscriber agrees (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Preferred Shares and any subsequent disposition by the Subscriber of any of the Preferred Shares.
5. **Indemnity.** The Subscriber acknowledges that the Corporation, the Agent and their respective counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Preferred Shares) to purchase Preferred Shares under the Offering, and hereby

agrees to indemnify the Corporation, the Agent and their respective directors, officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation counsel at NEST CAPITAL Mortgage Investment Corporation, 5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9, Attention: Roger Allinson and the Agent at N/A; of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.

6. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to the Agent not later than noon (Toronto, Ontario time) on the date which is 2 business days prior to the Closing Date of which the Subscriber receives notice:
 - (a) this duly completed and executed Subscription Agreement;
 - (b) a certified cheque, bank draft or wire transfer made payable to "NEST CAPITAL Mortgage Investment Corporation" in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Agent;
 - (c) a properly completed and duly executed copy of the appropriate investor qualification form as described on page 2 of this Subscription Agreement; and
 - (d) such other documents as may be requested by the Corporation or the Agent, acting reasonably, as contemplated by this Subscription Agreement.
7. **Partial Acceptance or Rejection of Subscription.** The Corporation and the Agent may, in their absolute discretion, accept or reject the Subscriber's subscription for Preferred Shares as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to allot to the Subscriber, with the consent of the Agent, less than the amount of Preferred Shares subscribed for under this Subscription Agreement. Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Preferred Shares to the Subscriber being exempt from any prospectus and offering memorandum requirements of applicable securities laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the certificates representing the Preferred Shares to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, or is accepted only in part, a cheque representing the whole Subscription or the amount by which the payment delivered by the Subscriber to the Agent exceeds the subscription price of the number of Preferred Shares sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, as the case may be, will be promptly delivered to the Subscriber without interest or deduction.
8. **Time and Place of Closing.** The sale of the Preferred Shares will be completed at the offices of the Corporation at 10:00 a.m. (Toronto, Ontario time) or such other time as the Corporation and the Agent may agree upon (the "Closing Time") on the Closing Date. The Corporation and the Agent reserve the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.
9. **Deliveries at Closing.** At the Closing Time, if the terms and conditions contained in the Agency Agreement have been complied with to the satisfaction of the Agent, acting reasonably, or waived by the Agent in whole or in part, the Agent shall deliver to the Corporation all completed subscription agreements in a digital format (including this Subscription Agreement) and the aggregate subscription proceeds less an amount in respect of the Agent's commission and expenses that are payable in accordance with the Agency Agreement (which shall include without limitation, the fees and expenses of the Agent's designated legal counsel), against delivery by the

Corporation of certificates representing the Preferred Shares and such other documentation as may be required under the Agency Agreement.

10. **Subject to Regulatory Approval.** The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.
11. **Representations and Warranties of the Corporation.** The Corporation hereby represents and warrants to the Subscriber and Agent (and acknowledges that the Subscriber and Agent are relying thereon) that:
 - (a) the Corporation has the full corporate right, power and authority to execute and deliver this Subscription Agreement and to issue the Preferred Shares to the Subscriber;
 - (b) the Corporation is duly incorporated and validly subsisting, and is qualified to carry on business in each jurisdiction in respect of which the carrying out of the activities contemplated hereby make such qualification necessary;
 - (c) the Corporation has complied or will comply with all applicable corporate and securities laws in connection with the offer and sale of the Preferred Shares;
 - (d) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the general principles of equity including the fact that specific performance is available only in the discretion of the court; and
 - (e) the execution, delivery and performance of this Subscription Agreement by the Corporation and the issuance of the Preferred Shares pursuant hereto does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound.
12. **Role of the Agent.** The Subscriber acknowledges that the Agent has been or will be appointed by the Corporation to act as the agent of the Corporation to market the Preferred Shares on a commercially reasonable private placement basis and, in connection therewith, the Corporation and the Agent have entered into or will prior to the Closing Time enter into an agreement (the "Agency Agreement") pursuant to which the Agent, in connection with the issue and sale of the Preferred Shares, will receive compensation from the Corporation. The Subscriber hereby irrevocably authorizes the Agent to:
 - (a) negotiate and settle the form of any certificates to be delivered and any agreement to be entered into in connection with the Offering and to vary, amend, alter or waive, on its own behalf and on behalf of the purchasers of Preferred Shares, in whole or in part, or extend the time for compliance with, any of the conditions for completing the sale of the Preferred Shares in such manner and on such terms and conditions as the Agent may determine, acting reasonably, without in any way affecting the Subscriber's obligations or the obligations of such others hereunder; provided, however, that the Agent shall not vary, amend, alter or waive any such condition where to do so would result in a material adverse change to any of the material attributes of the Preferred Shares;
 - (b) allocate the Preferred Shares being offered pursuant to the Offering and in accordance with the terms of the Agency Agreement;
 - (c) act as its representative at the Closing with full power of substitution, as its true and lawful attorney and agent with the full power and authority in its place and stead to swear, execute, file and record any document necessary to accept delivery of certificates representing the Preferred Shares on the Closing Date, to terminate this subscription on its behalf in the event that any condition precedent to the Offering has not been satisfied, to execute a receipt for

- such certificates and all other documentation, and to deliver such certificates to the Subscriber as set out in this Subscription Agreement promptly after Closing;
- (d) complete or correct any errors or omissions in this Subscription Agreement and any form or document provided by the Subscriber;
 - (e) receive on the Subscriber's behalf certificates representing the Preferred Shares purchased pursuant to this Subscription Agreement;
 - (f) approve any opinions, certificates or other documents addressed to the Subscriber;
 - (g) waive, in whole or in part, any representations, warranties, covenants or conditions for the benefit of the Subscriber and contained in the Agency Agreement; and
 - (h) exercise any rights of termination under the Agency Agreement.
13. **No Partnership.** Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.
 14. **Governing Law.** The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
 15. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
 16. **Entire Agreement.** This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
 17. **Electronic Copies.** The Corporation and the Agent shall be entitled to rely on delivery of an electronic copy of executed subscriptions, and acceptance by the Corporation of such subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.
 18. **Counterpart.** This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.
 19. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
 20. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
 21. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.
 22. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.
 23. **Costs.** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Preferred Shares to the Subscriber shall be borne by the Subscriber.

24. **Withdrawal.** Other than pursuant to the Agency Agreement, the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.
25. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

PRIVACY NOTICE

The Subscriber acknowledges that this Subscription Agreement and the Schedules and Exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation and the Agent for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility (or that of any disclosed beneficial purchaser) to purchase the Preferred Shares under applicable securities laws, preparing and registering certificates representing the Preferred Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information (and that of any disclosed beneficial purchaser) may be disclosed by the Corporation to (a) stock exchanges or securities regulatory authorities (including the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission (the "**BCSC**")), (b) the Corporation's registrar and transfer agent, (c) Canadian tax authorities, and (d) any of the other parties involved in the Offering, including legal counsel, and may be included in closing books in connection with the Offering. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any disclosed beneficial purchaser for whom it is contracting hereunder) consents to the foregoing collection, use and disclosure of the Subscriber's (and any disclosed beneficial purchaser's) personal information. The Subscriber (on its own behalf and on behalf of any disclosed beneficial purchaser for whom it is contracting hereunder) also consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the Subscriber's (and any disclosed beneficial purchaser's) personal information by the TSX Venture Exchange or the Toronto Stock Exchange for the purposes identified by such exchange, from time to time. The Subscriber (on its own behalf and on behalf of any disclosed beneficial purchaser for whom it is contracting hereunder) further acknowledges that it has been notified by the Corporation and the Agent, as applicable (a) of the requirement to deliver to the OSC and the BCSC the full name, residential address and telephone number of the purchaser of the securities, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC and BCSC under the authority granted to it in securities legislation; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario and British Columbia; (d) that the Administrative Support Clerk can be contacted at Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8, or at (416) 593-3684, and can answer any questions about the OSC's indirect collection of this information; and (e) that the BCSC can be contacted at British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2, Telephone: (604) 899-6500, Toll free across Canada: 1-800-373-6393, Facsimile: (604) 899-658, and can answer any questions about the BCSC's indirect collection of this information.

SCHEDULE "A"

REPRESENTATION LETTER

TO BE COMPLETED BY ACCREDITED INVESTORS

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")

AND TO: TOKENGX INC. (the "Agent")

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation, the Agent and their respective counsel that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement and, if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser Information" on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Preferred Shares as principal for its own account, (b) deemed to be purchasing the Preferred Shares as principal in accordance with section 2.3(2) or (4) of NI 45-106, or (c) acting as agent for a disclosed beneficial purchaser who is purchasing the Preferred Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is an "accredited investor" within the meaning of NI 45-106 and Section 73.3(1) of the *Securities Act* (Ontario), as applicable, by virtue of satisfying the indicated criterion as set out in Exhibit A to this Representation Letter;
4. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) fully understands the meaning of the terms and conditions of the category of "accredited investor" applicable to it and confirms that it has reviewed and understands the definitions in Exhibit A to this Representation Letter in respect of the category of "accredited investor" applicable to it and, in particular, if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (j.1), (k) or (l) of Exhibit A to this Representation Letter, it has reviewed and understands the definitions of "financial assets", "related liabilities" and "financial assets", as applicable, contained in Exhibit A hereto;
5. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) was not created, and is not used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;
6. if the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is an "accredited investor" by virtue of satisfying paragraph (j), (k) or (l) on Exhibit A to this Representation Letter, it acknowledges that it needs to complete Exhibit B to this Representation Letter and upon execution of Exhibit B by the Subscriber, Exhibit B shall be incorporated into and form a part of this Representation Letter and the Corporation and the Agent and their respective counsel shall be entitled to rely thereon; and

7. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including the Exhibits hereto, shall be incorporated into and form a part of the Subscription Agreement.

Name of Subscriber (please print)

By: _____
Authorized Signature

Official Title or Capacity (please print)

Name of Signatory (please print name of individual
whose signature appears above different than name of
Subscriber)

DATED at _____ this ____ day of _____, 20__.

<p style="text-align: center;"><u>IMPORTANT</u> PLEASE COMPLETE THE EXHIBITS TO THIS REPRESENTATION LETTER</p>
--

EXHIBIT A TO SCHEDULE "A"
TO BE COMPLETED BY ACCREDITED INVESTORS

PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY BELOW TO WHICH YOU BELONG
--

Please complete the Representation Letter to the Corporation by marking your initials beside the category of "accredited investor" to which you belong within the meaning of Section 1.1 of NI 45-106 and Section 73.3(1) of the *Securities Act* (Ontario), as applicable:

Meaning of "Accredited Investor"

"Accredited investor" is defined in Section 1.1 of NI 45-106 to mean any person who fits within any of the following categories at the time of the sale of securities to that person:

- _____ (a) (i) except in Ontario, a Canadian financial institution, or a bank listed in Schedule III of the *Bank Act* (Canada),
(ii) in Ontario, (A) a bank listed in Schedule I, II or III to the *Bank Act* (Canada); (B) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act; or (C) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be,
- _____ (b) (i) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
(ii) in Ontario, the Business Development Bank of Canada,
- _____ (c) (i) except in Ontario, a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
(ii) in Ontario, a subsidiary of any person referred to in paragraphs (a) through (e) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
- _____ (d) (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer,
(ii) in Ontario, a person or company registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations under the *Securities Act* (Ontario),
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- _____ (f) (i) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the government of Canada or a jurisdiction of Canada,

- (ii) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or the government of a province or territory of Canada,
- _____ (g) (i) except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,

 - (ii) in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
- _____ (h) (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,

 - (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- _____ (i) (i) except in Ontario, a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,

 - (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada,
- _____ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000,

[Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of “financial assets” later in this certificate. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1), then initial paragraph (j.1) instead of this paragraph (j).]

[Note: If you are an accredited investor described in this paragraph (j), and do not meet the higher financial asset threshold set out in paragraph (j.1), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]

- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000,

[Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1). See definition of "financial assets" below. If you meet the financial asset threshold set out in this paragraph (j.1), you are not required to complete Exhibit B.]

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year, ***[Note: You are required to complete Exhibit B]***

[Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be

initialed and complete. If you are an accredited investor described in this paragraph (k), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]

_____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,

[Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.]

[Note: If you are an accredited investor described in this paragraph (l), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]

_____ (m) a person, other than an individual or an investment fund, that has net assets of at least \$5,000,000, as shown on its most recently prepared financial statements,

_____ (n) an investment fund that distributes or has distributed its securities only to:

..... (i) a person that is or was
an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in section 2.10 of National Instrument 45-106 (where the person subscribes for a minimum amount investment) and Section 2.19 of National Instrument 45-106 (where the person makes an additional investment in investment funds), or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106 (investment fund reinvestment),

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,

Note: If you initialed (t), then indicate the name and category of accredited investor (by reference to the applicable letter of this Exhibit A) of each of the owners of interests (attach additional pages if more than three):

Name

Category of Accredited Investor

- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser,
- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor, or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

Note: If you initialed (w), then indicate the name and category of accredited investor (by reference to the applicable letter of this Exhibit A) of each of the following (attach additional pages if more than three trustees):

	Name	Category of Accredited Investor
Individual who established trust:	_____	_____
Trustee	_____	_____
Trustee	_____	_____
Trustee	_____	_____

PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY ABOVE TO WHICH YOU BELONG

Interpretative Aids

The following definitions relate to certain of the categories set forth above:

- (a) "Canadian financial institution" means:
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) "Canadian securities regulatory authorities" means the securities commissions and similar regulatory authorities of each of the provinces or territories of Canada;
- (c) "eligibility adviser" means:

- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed; and
- (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons; and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (d) "EVCC" means an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments;
- (e) "financial assets" means:
 - (i) cash;
 - (ii) securities; or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (f) "foreign jurisdiction" means a country other than Canada or a political subdivision of a country other than Canada;
- (g) "fully managed account" means an account for which a person or company makes the investment decisions if that person or company has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (h) "investment fund" means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and a VCC;
- (i) "jurisdiction" means a province or territory of Canada;
- (j) "non-redeemable investment fund" means an issuer, (i) whose primary purpose is to invest money provided by its security-holders; (ii) that does not invest (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and (iii) that is not a mutual fund;
- (k) "person" includes:
 - (i)an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (l) "related liabilities" means:
 - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (m) "securities legislation" means, for the local jurisdiction, the statute and other instruments issued by the securities regulator authority of the local jurisdiction;
- (n) "subsidiary" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary; and
- (o) "VCC" means a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments.

All monetary references are in Canadian dollars.

EXHIBIT B TO SCHEDULE "A"
FORM 45-106F9
FORM FOR INDIVIDUAL ACCREDITED INVESTORS

WARNING! This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER:	
1. About your investment	
Type of securities: Preferred Shares	Issuer: NEST CAPITAL Mortgage Investment Corporation
Purchased from: NEST CAPITAL Mortgage Investment Corporation (the Issuer of the Preferred Shares)	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	

5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>For investment in a non-investment fund</p> <p>NEST CAPITAL Mortgage Investment Corporation</p> <p>5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9</p> <p>T: 416-628-2033</p> <p>roger.allinson@nestcapital.ca</p> <p>Not applicable <i>[If investment is purchased from a selling security holder, also insert name, address, telephone number and email address of selling security holder here]</i></p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

SCHEDULE "B"

REPRESENTATION LETTER - 45-106F4

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities commission has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. NEST CAPITAL Mortgage Investment Corporation will pay up to 5.0% of this subscription amount to N/A as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase. To do so, send a notice to NEST CAPITAL Mortgage Investment Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to NEST CAPITAL Mortgage Investment Corporation at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

NEST CAPITAL Mortgage Investment Corporation
5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9

Attention: Roger Allinson
Email: roger.allinson@nestcapital.ca

You are buying *Exempt Market Securities*

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You will not receive ongoing information about this issuer.

For more information on the *exempt market*, call your local securities regulatory authority or regulator.

ALBERTA SECURITIES COMMISSION
Suite 600, 250 – 5th Street SW.
Calgary, Alberta
T2P 0R4
(403) 297-6454
www.albertasecuritiescommission.com

MANITOBA SECURITIES COMMISSION
500 – 400 Street, Mary Avenue
Winnipeg, Manitoba
R3C 4W5
(204) 945-2548
www.msc.gov.mb.ca

BRITISH COLUMBIA SECURITIES
COMMISSION
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2
(604) 899-6500
www.bcsc.bc.ca

ONTARIO SECURITIES COMMISSION
20 Queen Street, West, Suite 1903
Toronto, Ontario
M5H 3S8
(416) 593-8314
www.osc.gov.on.ca

SASKATCHEWAN SECURITIES
COMMISSION
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 4H2
(306) 787-5645
www.sfsc.gov.sk.ca/

SCHEDULE "C"

SCHEDULE 1 TO REPRESENTATION LETTER – NI 45-106F4 ELIGIBLE INVESTOR

Each Subscriber who is an Alberta, British Columbia, Quebec, or Ontario resident and who is subscribing for more than \$10,000 in Preferred Shares is required to complete and execute the following certificate.

CERTIFICATE OF ALBERTA, BRITISH COLUMBIA, QUEBEC, OR ONTARIO ELIGIBLE INVESTOR

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")
AND TO: TOKENGX INC. (the "Agent")

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the purchase of Preferred Shares of the Corporation, the undersigned hereby represents, warrants and certifies to the Corporation and the Agent that the undersigned is an "eligible investor" as defined in Section 1.1 of National Instrument 45-106 *Prospectus Exemptions* and is purchasing the securities offered hereunder as principal.

The undersigned has indicated below the category or categories which it, he or she satisfies to qualify as an "eligible investor".

The undersigned understands that the Corporation, the Agent and their respective counsel are relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus and registration requirements of the securities legislation in the jurisdiction in which the undersigned is a resident.

ELIGIBLE INVESTOR STATUS

The undersigned represents, warrants and certifies that it, he or she is **[initial each applicable item]**:

- ___ (a) a person whose:
 - ___ (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
 - ___ (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
 - ___ (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
- ___ (b) a person of which a majority of the voting securities are beneficially owned by eligible investors, or a majority of the directors are eligible investors,
- ___ (c) a general partnership of which all of the partners are eligible investors,
- ___ (d) a limited partnership of which the majority of the general partners are eligible investors,
- ___ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- ___ (f) a person who purchases the security as principal and is:

- _____ (i) a director, executive officer or control person of the Corporation or of an affiliate of the Corporation,
- _____ (ii) a spouse, parent, grandparent, brother, sister or child of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
- _____ (iii) a parent, grandparent, brother, sister or child of the spouse of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
- _____ (iv) a close personal friend of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
- _____ (v) a close business associate of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
- _____ (vi) a founder of the Corporation or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation,
- _____ (vii) a parent, grandparent, brother, sister or child of the spouse of a founder of the Corporation,
- _____ (viii) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i) to (vii), or
- _____ (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (i) to (vii), or
- _____ (g) a person that has obtained advice regarding the suitability of the investment and, if the person or company is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser. "**Eligibility Advisor**" means a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of the purchaser and authorized to give advice with respect to the type of security being distributed, and in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant (A) does not have a professional, business or personal relationship with the Corporation, or any of the directors, executive officers, founders or control persons of the Corporation, and (B) has not acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the Corporation or any of the Corporation's directors, executive officers, founders or control persons within the previous 12 months.

[If you fall within this category, please indicate in the space below the name of the investment dealer, securities dealer or equivalent from whom you obtained advice:

_____]

The undersigned has executed this Questionnaire as of the _____ day of _____, 20____.

If a Corporation, Partnership or Other Entity: If an Individual:

Name of Entity

Signature

Type of Entity

Named Individual

Signature of Person Signing

Title of Person Signing

As used in this certificate, the following terms have the following meaning:

"affiliate" means an issuer connected with another issuer because (i) one of them is the subsidiary of the other; (ii) each of them is controlled by the same person; or (iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer.

"close personal friend" is an individual who has known the director, executive officer, founder or control person well enough and for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. The term "close personal friend" can include family members not already specifically identified in the exemption if the family member satisfies the criteria described above.

An individual is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or a client, customer or former client or customer.

The relationship between the purchaser and director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close personal friend of a close personal friend of the director, executive officer, founder or control person.

"close business associate" is an individual who has had sufficient prior business dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness.

An individual is not a close business associate solely because the individual is a client, customer or former client or customer.

The relationship between the purchaser and director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director, executive officer, founder or control person.

"control person" means any person that holds or is one of a combination of persons that holds:

- (a) a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation; or
- (b) more than 20% of the voting shares of the Corporation except where there is evidence showing the holding of the shares does not affect materially the control of the Corporation.

"director" means (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company.

"executive officer" means, for the Corporation, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
- (c) an officer of the Corporation or any of its subsidiaries and who performs a policy-making function in respect of the Corporation, or
- (d) performing a policy-making function in respect of the Corporation.

"founder" means a person or company who,

- (a) acting alone, in conjunction or in concert with one or more other persons or companies, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Corporation, and
- (b) at the time of the proposed trade, is actively involved in the business of the Corporation.

"person" includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative.

WARNING!
This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SCHEDULE 2 TO 45-106F4 - INVESTMENT LIMITS FOR INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION

Each Subscriber who is an Alberta, British Columbia, Quebec or Ontario resident is required to complete and execute the following certificate;

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER:	
1. About your investment	
Type of securities: Preferred Shares	Issuer: NEST CAPITAL Mortgage Investment Corporation
Purchased from: NEST CAPITAL Mortgage Investment Corporation (the Issuer of the Preferred Shares)	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. You are an eligible investor	
As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 5 of this schedule, that your investment is suitable.	Initial one of the following below if applicable:
You confirm that, after taking into account your investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i> today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.	
You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 5 of this schedule that the following investment is suitable.	
You confirm that, after taking into account your investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i> today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.	
3. You are not an eligible investor	
You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made in the previous 12 months.	Your initials
You confirm that, after taking into account your investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i> today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are meeting the investment limits depending on if you are an eligible investor or not.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE REGISTRANT	
5. Registrant Information	
<i>This section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.</i>	

First and last name (please print):	
Registered as: <i>[Indicate whether registered as a dealing representative or advising representative.]</i>	
Telephone:	Email:
Name of firm: <i>[Indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	Signature:
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
<p>For investment in a non-investment fund</p> <p>NEST CAPITAL Mortgage Investment Corporation</p> <p>5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9</p> <p>Roger Allinson</p> <p>T: 416-628-2033</p> <p>roger.allinson@nestcapital.ca</p> <p><i>[Insert website address, if applicable]</i></p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	
Signature of executive officer of issuer (other than the purchaser): _____	Date:
Name:	

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 2, 3, 4 and 5 must be completed before the purchaser completes and signs the form.
3. The issuer is required to keep a copy of this form for 8 years after the distribution.

SCHEDULE "D"

REPRESENTATION LETTER (FOR NON-CANADIAN RESIDENT INVESTORS ONLY, EXCLUDING U.S. PERSONS)

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")
AND TO: TOKENGX INC. (the "Agent")

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation, the Agent and their respective counsel that:

1. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is resident in the jurisdiction set out as the "Subscriber's Residential Address" and "Disclosed Beneficial Purchaser's Residential Address", as applicable, on the face page of the Subscription Agreement (the "**Foreign Jurisdiction**") and the undersigned Subscriber certifies that it and (if applicable) any other purchaser for whom it is acting hereunder is not resident in or otherwise subject to applicable securities laws of any province or territory of Canada.
2. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is a purchaser which is purchasing the Preferred Shares pursuant to an exemption from any prospectus or securities registration or similar requirements under the applicable securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
3. The purchase of Preferred Shares by the Subscriber, and any other purchaser for whom it is acting hereunder, does not contravene any of the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject and does not result in: (i) any obligation of the Corporation to prepare and file a prospectus, an offering memorandum or similar document; or (ii) any obligation of the Corporation to make any filings with or seek any approvals of any kind from any regulatory body in such jurisdiction or any other ongoing reporting requirements with respect to such purchase or otherwise; or (iii) any registration or other obligation on the part of the Corporation under the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
4. The Preferred Shares are being acquired for investment purposes only and not with a view to the resale or distribution of all or any of the Preferred Shares.
5. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, are knowledgeable of, and have been independently advised as to, the securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
6. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is aware that its ability to enforce civil liabilities under applicable securities laws may be affected adversely by, among other things: (A) the fact that the Corporation is organized under the laws of Canada; (B) some or all of the directors and officers may be residents of Canada; and (C) all or a substantial portion of the assets of the Corporation and said persons may be located outside the Foreign Jurisdiction.

7. Upon execution of this Schedule by the undersigned Subscriber, this Representation Letter shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 20____.

Print name of Subscriber

By: _____
Signature

Print name of Signatory (if different from the
Subscriber)

Title

SCHEDULE "E"

REPRESENTATION LETTER & FORM 45-106F12

FORM FOR FAMILY, FRIENDS AND BUSINESS ASSOCIATES INVESTORS

REPRESENTATION LETTER

TO BE COMPLETED BY PURCHASER

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")

AND TO: TOKENGX INC. (the "Agent")

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation, the Agent and their respective counsel that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement and, if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser Information" on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Preferred Shares as principal for its own account, (b) deemed to be purchasing the Preferred Shares as principal in accordance with section 2.5 or 2.6 of NI 45-106, or (c) acting as agent for a disclosed beneficial purchaser who is purchasing the Preferred Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is "family, a friend or business associate" within the meaning of NI 45-106 and Section 73.3 of the *Securities Act* (Ontario), as applicable, by virtue of satisfying the indicated criterion as set out in the attached form to this Representation Letter;
4. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) fully understands the meaning of the terms and conditions of the category of "family, friends and business associates" applicable to it and confirms that it has reviewed and understands the definitions in the form attached to this Representation Letter in respect of the category of "family, friends and business associates" applicable to it;
5. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) acknowledges that it needs to complete the form attached hereto this Representation Letter and upon execution the Subscriber, the form attached shall be incorporated into and form a part of this Representation Letter and the Corporation and the Agent and their respective counsel shall be entitled to rely thereon; and

6. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including the form attached hereto, shall be incorporated into and form a part of the Subscription Agreement.

Name of Subscriber (please print)

By: _____
Authorized Signature

Official Title or Capacity (please print)

Name of Signatory (please print name of individual
whose signature appears above different than name of
Subscriber)

DATED at _____ this ____ day of _____, 20__.

IMPORTANT
PLEASE COMPLETE THE FORM ATTACHED BELOW TO THIS
REPRESENTATION LETTER

WARNING!
**This investment is risky. Don't invest unless you can afford to lose all the money
you pay for this investment.**

FORM 45-106F12

FORM FOR FAMILY, FRIENDS AND BUSINESS ASSOCIATES INVESTORS

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER:	
1. About your investment	
Type of securities: Preferred Shares	Issuer: NEST CAPITAL Mortgage Investment Corporation
Purchased from: NEST CAPITAL Mortgage Investment Corporation (the Issuer of the Preferred Shares)	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the contact person about whether this investment is suitable. The contact person is the person who can confirm your statements below in 3B, C and D only.	
3. Family, friend or business associate status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<p>A. You are:</p> <p style="margin-left: 40px;">1. <i>[check all applicable boxes]</i></p> <p style="margin-left: 80px;"><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p style="margin-left: 80px;"><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p style="margin-left: 80px;"><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p style="margin-left: 80px;"><input type="checkbox"/> a founder of the issuer</p> <p style="margin-left: 40px;">OR</p> <p style="margin-left: 40px;">2. <i>[check all applicable boxes]</i></p> <p style="margin-left: 80px;"><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p style="margin-left: 80px;"><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
<p>B. You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, the person listed above must be (a) your spouse or (b) your or your spouse's parent, grandparent, brother, sister, child or grandchild.]</i></p>	

<p>C. You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You have known that person for _____ years.</p>		
<p>D. You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You have known that person for _____ years.</p>		
<p>4. Your name and signature</p>		
<p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p>		
<p>First and last name (please print):</p>		
<p>Signature:</p>		<p>Date:</p>
<p>SECTION 5 TO BE COMPLETED BY THE PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP</p>		
<p>5. Contact person at the Issuer or an affiliate of the Issuer information</p>		
<p><i>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</i></p>		
<p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: <i>[check the box that applies]</i></p> <p style="text-align: center;"> <input type="checkbox"/> family relationship as set out in section 3B of this form <input type="checkbox"/> close personal friendship as set out in section 3C of this form <input type="checkbox"/> close business associate relationship as set out in section 3D of this form </p>		
<p>First and last name of contact person (please print):</p>		
<p>Telephone:</p>		<p>Email:</p>
<p>Signature:</p>		<p>Date:</p>
<p>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</p>		
<p>6. For more information about this investment</p>		
<p>For investment in a non-investment fund</p> <p>NEST CAPITAL Mortgage Investment Corporation</p> <p>5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9</p> <p>Roger Allinson</p> <p>T: 416-628-2033</p> <p>roger.allinson@nestcapital.ca</p> <p><i>[Insert website address, if applicable]</i></p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>		
<p>Signature of executive officer of issuer (other than the purchaser):</p> <p>_____</p> <p>Name:</p>		<p>Date:</p>

Form instructions:

1. *This form does not mandate the use of a specific font size or style but the font must be legible.*
2. *The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.*
3. *The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.*
4. *The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus and Registration Exemptions. For guidance on the meaning of "close personal friend" and "close business associate", please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus and Registration Exemptions.*

SCHEDULE "F"

REPRESENTATION LETTER & FORM

FORM FOR MINIMUM AMOUNT INVESTMENT INVESTORS

REPRESENTATION LETTER

TO BE COMPLETED BY PURCHASER

TO: NEST CAPITAL Mortgage Investment Corporation (the "Corporation")

AND TO: TOKENGX INC. (the "Agent")

(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation, the Agent and their respective counsel that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement and, if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser Information" on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Preferred Shares as principal for its own account, (b) deemed to be purchasing the Preferred Shares as principal in accordance with section 2.10 of NI 45-106, or (c) acting as agent for a disclosed beneficial purchaser who is purchasing the Preferred Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is acquiring a "minimum amount investment" of \$150,000.00 within the meaning of NI 45-106, as applicable, by virtue of satisfying the indicated criterion as set out in the attached form to this Representation Letter;
4. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) fully understands the meaning of the terms and conditions of the category of "minimum amount investment" applicable to it and confirms that it has reviewed and understands the definitions in the form attached to this Representation Letter in respect of the category of "minimum amount investment" applicable to it;
5. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) acknowledges that it needs to complete the form attached hereto this Representation Letter and upon execution the Subscriber, the form attached shall be incorporated into and form a part of this Representation Letter and the Corporation and the Agent and their respective counsel shall be entitled to rely thereon; and

6. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including the form attached hereto, shall be incorporated into and form a part of the Subscription Agreement.

Name of Subscriber (please print)

By: _____

Authorized Signature

Official Title or Capacity (please print)

Name of Signatory (please print name of individual
whose signature appears above different than name of
Subscriber)

DATED at _____ this ____ day of _____, 20__.

IMPORTANT
**PLEASE COMPLETE THE FORM ATTACHED BELOW TO THIS REPRESENTATION
LETTER**

WARNING!
This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

FORM FOR MINIMUM AMOUNT INVESTMENT INVESTORS

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER:

1. About your investment

Type of securities: Preferred Shares

Issuer: NEST CAPITAL Mortgage Investment Corporation

Purchased from: NEST CAPITAL Mortgage Investment Corporation (the Issuer of the Preferred Shares)

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement

This investment is risky. Initial that you understand that:

Your initials

Risk of loss – You could lose your entire investment of \$ _____. *[Instruction: Insert the total dollar amount of the investment.]*

Liquidity risk – You may not be able to sell your investment quickly – or at all.

Lack of information – You may receive little or no information about your investment.

Lack of advice – You will not receive advice from the contact person about whether this investment is suitable. The contact person is the person who can confirm your statements below in 3B, C and D only.

3. Minimum amount investment status

You must meet the following criteria to be able to make this investment. Initial the statement below.

Your initials

A. You are:

1. *[all boxes must be checked and apply]*

☐ not an individual

☐ purchasing as principal or deemed to be

☐ the acquisition cost is not less than \$150,000.00 paid in cash at time of issuance

4. Your name and signature

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are acquiring at least \$150,000.00 of Preferred Shares.

First and last name (please print):

Signature:

Date:

SECTION 5 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

5. For more information about this investment

For investment in a non-investment fund

NEST CAPITAL Mortgage Investment Corporation

5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9

Roger Allinson

T: 416-628-2033

Roger.allinson@nestcapital.ca

[Insert website address, if applicable]

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-

administrators.ca.

Signature of executive officer of issuer (other than the purchaser):

Date:

Name:

Form instructions:

- 1. This form does not mandate the use of a specific font size or style but the font must be legible.*
- 2. The information in sections 1, 2, 3 and 5 must be completed before the purchaser completes and signs the form.*

The issuer is required to keep a copy of this form for 8 years after the distribution

SCHEDULE "B" ENROLMENT FORM FOR DIVIDEND REINVESTMENT PLAN

TO: NEST CAPITAL MORTGAGE INVESTMENT CORPORATION (the "Corporation")

By signing this form, the undersigned requests enrolment in the Corporation's Dividend Reinvestment Plan to have all dividends reinvested in additional Class A Preferred Shares in the capital of the Corporation. The undersigned acknowledges having received and read a copy of the Corporation's policy regarding the Dividend Reinvestment Plan and agrees that participation in the Plan will be subject to the disclosure regarding same set out in the said offering memorandum. The undersigned also acknowledges that this authorization to enroll Class A Preferred Shares will remain in effect until the undersigned notifies the Corporation in writing in accordance with the applicable provisions of said Plan.

DATE: _____

Shareholder Signature:

Name in which the Corporation's Class A Preferred Shares are registered:

Please Print

Telephone Numbers:

Address:

Residence: _____

Work: _____

Completing and Returning the Form

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

5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9

SCHEDULE "C" ENROLMENT FORM FOR DIRECT DEPOSIT

By signing this form, the undersigned agrees to have dividends accrued on Class A Preferred Shares of Nest Capital Mortgage Investment Corporation (Nest) directly deposited to the bank account specified below.

This authorization shall remain in effect until Nest has received written notification of its change or termination. This notification must be received at least ten (10) business days before the next scheduled deposit at:

Nest Capital Mortgage Investment Corporation
5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9

Dividends will continue to be paid on a monthly or quarterly basis.

Investor Information (Please Print Clearly)

Name (s) _____

Address _____

Phone/ Email _____

These services are for (check one) ☐ Personal ☐ Business

Bank Account Information (Please attach "Void" cheque)

Financial Institution Number Branch/Transit Number Account Number

Financial Institution Name Branch Address

Signature of account holder Signature of joint account holder (if applicable)

Name (please print) Name (please print)

Date Date

SCHEDULE “D” CONSENT TO DISCLOSURE OF PERSONAL INFORMATION

TO: Nest Capital Mortgage Investment Corporation

The undersigned hereby acknowledges and consents to the collection, use and disclosure of the personal information provided herein and other personal information provided by the Purchaser or collected by the Issuer as reasonably necessary in connection with the Purchaser’s purchase of shares in the capital of Nest Capital Mortgage Investment Corporation (collectively, “personal information”) as follows: (a) the Issuer may use personal information and disclose personal information to intermediaries such as the Issuer’s legal counsel for the purposes of determining the Purchaser’s eligibility to invest in the Shares and for managing and administering the Purchaser’s investment in the Shares; (b) if the Purchaser purchased securities through a registered dealer, the Issuer may disclose and collect such personal information relating to the Purchaser’s holding of the Shares to and from the dealer; (c) the Issuer may use the Purchaser’s social insurance number for income reporting purposes in accordance with applicable law; (d) the Issuer, its agents and advisors, may each collect, use and disclose personal information for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti-terrorism legislation, rules or regulations) and as otherwise permitted or required by law, which disclosures may include disclosures to tax, securities or other regulatory or self-regulatory authorities in Canada and/or in foreign jurisdictions, if applicable, in connection with the regulatory oversight mandate of such authorities; (e) the Issuer and its agents and advisors may use personal information and disclose personal information to parties connected with the proposed or actual transfer, sale, assignment, merger or amalgamation of the Issuer or its business or assets or similar transactions, for the purpose of permitting such parties to evaluate and/or proceed with and complete such transaction.

As the Purchaser is resident in and subject to the applicable securities legislation of Ontario, the Purchaser acknowledges: (i) the delivery to the Ontario Securities Commission of the Purchaser’s full name, residential address and telephone number, the number and type of securities purchased by the Purchaser, the total purchase price, the exemption relied on, and the date of distribution, (ii) that such information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation, (iii) that such information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (iv) that the Administrative Support Clerk, at the Ontario Securities Commission, Suite 302903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, telephone (416) 593-3684, can be contacted to answer questions about the Ontario Securities Commission’s indirect collection of such information. The Purchaser hereby authorizes the indirect collection of such information by the Ontario Securities Commission.

Dated as of the _____ day of _____, 20____

Signature

Name of Shareholder, (please indicate if signing on behalf of a corporation/trust or other)

SCHEDULE "E" CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS

1. I, the undersigned Subscriber, consent to receiving all documents of Nest Capital Mortgage Investment Corporation (the "Corporation") to which I am entitled, electronically rather than by mail. I understand the documents I am entitled to receive are determined by the class of Shares I hold and may include:
 - Transaction statements;
 - Quarterly account statements; and
 - Other information about the Corporation.
2. I understand and agree that the documents I am entitled to receive will be sent to me at my e-mail address set out below.
3. I acknowledge that access to the Internet, e-mail and the worldwide web is required in order to access a document electronically and I confirm that I have such access and I have the ability to access, view, download, and print documents from my computer, including documents in Adobe's Portable Document Format (PDF). (The Adobe Acrobat Reader software is required to view a document in PDF format and is available free of charge from Adobe's website at www.adobe.com.)
4. I understand that I may revoke or modify my consent to receive documents electronically; that I may change my e-mail address to which documents are delivered; or request a paper copy of a document for which I have consented to electronic delivery by sending in such notification or request:
 - (a) by email to: _____
 - (b) by fax to:
Nest Capital Mortgage Investment Corporation
5000 Yonge Street, Suite 1901, Toronto, ON, M2N 7E9

Fax:
5. I understand and agree that at any time and without giving me advance notice, the Corporation may elect not to send me a document electronically, in which case a paper copy of the document will be mailed to me.
6. I understand I am not required to consent to electronic delivery.

Dated as of the _____ day of _____, 20____

Signature

Name of Shareholder, (please indicate if signing on behalf of a corporation/trust or other)

Email of Shareholder