

CONFIDENTIAL OFFERING MEMORANDUM

This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. No securities commission or similar regulatory authority in Canada or in any other jurisdiction has passed on the merits of the securities offered hereunder and any representation to the contrary is an offence. This Offering Memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Continuous Offering

August 15, 2015



\$100,000,000

Class A Preferred Shares

HarbourEdge Mortgage Investment Corporation (“HarbourEdge” or the “Corporation”) hereby offers (the “Offering”) Class A Preferred Shares in the capital of the Corporation (the “Shares”) at \$1.00 per Share subject to a minimum initial subscription of \$50,000. The Corporation has the right to waive the minimum subscription.

Shares will be offered to eligible investors under certain prospectus exemptions under National Instrument 45-106 – *Prospectus and Registration Exemptions* (“NI 45-106”) in accordance with the conditions specified in this Offering Memorandum. HarbourEdge Asset Management Corporation (the “Agent”), an Exempt Market Dealer (“EMD”) pursuant to National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations*, will act as agent in connection with the Offering and will receive certain fees in connection therewith. See “Compensation of the Manager and the Agent”. **In connection with the Offering, the Corporation and the Agent are “connected issuers” under National Instrument 33-105 – *Underwriting Conflicts* (“NI 33-105”). HarbourEdge Capital Corporation (the Corporation’s manager and services provider (the “Manager”)) and the Agent are “connected issuers” and “related issuers” under NI 33-105.** The Corporation and the Agent are connected issuers by virtue of the fact that the shareholder, directors and officers of the Agent are shareholders of the Corporation. The Manager and the Agent are connected issuers by virtue of the fact that the directors and officers of the Agent are shareholders of the Manager, and are related issuers by virtue of the fact that the shareholder of the Agent is also an influential shareholder of the Manager. See “The Agent”, “The Manager” and “Conflicts of Interest”.

This Offering Memorandum is submitted on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Shares. Use for any other purposes is not authorized. No person has been authorized to give any information or to make any representations regarding the Corporation or the distribution of the Shares other than as contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by the Corporation. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone

other than the prospective investors to whom it is submitted. Any decision to purchase Shares must be based solely upon the information contained herein.

An investment in Shares may be considered speculative due to the nature of the Corporation's business. The Corporation is subject to competition from other corporations which may have greater financial and technical resources competing in the same markets. The operations of the Corporation are dependent upon certain business risks. See "Risk Factors".

There is no market through which the Shares may be sold and no such market is expected to develop as a consequence of the subscription.

The Shares being distributed pursuant to this Offering Memorandum are subject to restrictions on resale until such time as: (i) appropriate hold periods under applicable securities laws have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the Corporation is not a reporting issuer pursuant to applicable securities laws, the applicable hold periods may never expire, and if no further statutory exemption may be relied upon or if no discretionary order is obtained, this could result in a purchaser having to hold Shares for an indefinite period of time. The Corporation does not currently intend to file a prospectus or otherwise become a reporting issuer pursuant to applicable securities laws and accordingly it is not intended that the Shares will become freely tradable. See "Restrictions on Resale".

Purchasers of Shares pursuant to this Offering Memorandum are granted certain rights of withdrawal and rescission described herein under the heading "Purchaser's Rights of Withdrawal and Rescission".

EACH PURCHASER OF SHARES IS ADVISED TO CONSULT WITH THEIR OWN LEGAL ADVISOR AS TO THE COMPLETE DETAILS OF THE EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS BEING RELIED UPON AND THE CONSEQUENCES OF PURCHASING SHARES PURSUANT TO SUCH EXEMPTIONS.

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SUMMARY OF THE OFFERING

The following is intended to provide a summary only of the principal features of this Offering Memorandum and should be read in conjunction with the more detailed information appearing elsewhere herein.

- The Corporation:** HarbourEdge Mortgage Investment Corporation was incorporated on August 3, 2005 pursuant to the *Business Corporations Act* (Ontario).
- The Shares:** Class A Preferred Shares, see “Description of the Class A Preferred Shares”.
- Price:** \$1.00 per Share.
- Minimum Subscription:** 50,000 Shares (\$50,000). The Corporation has the right to waive the minimum subscription.
- Use of Proceeds:** The net proceeds from the sale of the Shares will be used to invest in eligible investments as described in this Offering Memorandum.
- Subscription Procedure:** An investor wishing to subscribe for Shares will be required to deliver a duly completed and executed subscription agreement in the form attached hereto as Schedule “A”. Subscriptions for Shares will be received subject to rejection or acceptance in whole or in part by the Corporation in its absolute discretion, and the right is reserved to close the subscription books at any time without notice.
- Risk Factors:** An investment in the Shares is subject to significant risks, including but not limited to the following:
- (a) the Shares will be subject to restrictions on resale and may only be resold if: (i) the appropriate “hold periods” under applicable securities laws have been satisfied; (ii) the trade is made in reliance on an available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws;
 - (b) the nature of the Corporation’s business; and
 - (c) the Corporation being subject to competition from other corporations which may have greater financial and technical resources.
- Eligibility:** Eligible investors under certain prospectus exemptions under National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- The Agent:** HarbourEdge Asset Management Corporation. The Agent will offer the Shares for sale and will receive an Agent’s Fee (as defined herein). In connection with the Offering, the Corporation is considered to be a “connected issuer” of the Agent under applicable securities laws. The Manager is considered to be a related party of the Agent under applicable securities laws.
- Currency:** In this Offering Memorandum all references are to Canadian dollars.

ACTIVITIES OF THE CORPORATION

The investment strategy of the Corporation is to invest in a portfolio of residential and commercial mortgages from borrowers in market segments which are underserved by large financial institutions. The Corporation is building a portfolio of residential and commercial mortgages as follows:

1. **Residential Mortgages** – at least 50% of the Corporation’s assets, at cost, consists of mortgages on residential properties in Canada, including but not limited to, single family dwellings, duplexes, townhouses, condominium units and apartment buildings, land, income producing property, or cash on hand or deposit pending investment in mortgages.
2. **Commercial Mortgages** – up to 50% of the Corporation’s assets may consist of conventional mortgages on existing or proposed retail, commercial or industrial properties in Canada.
3. **Other Investments** – investments may also be made from time to time in money market instruments, pending investment in mortgages.
4. **Real Property** – up to 25% of the Corporation’s assets may be invested directly in real estate properties held for income purposes.

The Corporation may acquire real estate properties by foreclosure or otherwise after default occurs on a mortgage.

It is anticipated that a substantial portion of the Corporation’s mortgage investments will be located in Ontario and Atlantic Canada.

The Corporation is allowed to borrow funds under the provisions of the *Income Tax Act* (Canada), (the “Income Tax Act”). As more detailed in a following section titled “Credit Facility”, HarbourEdge has secured a \$12 million credit facility with a leading Ontario based savings and credit union (“Credit Union”). If fully drawn down, this loan facility would represent less than 10% of the current value of the underlying mortgage assets. In no event will the corporation borrow funds in excess of 20% of the total value of the portfolio.

All investments will comply with the investment policies of the Corporation, as herein set out. The Corporation conducts its affairs to qualify at all times as a Mortgage Investment Corporation (or “MIC”) under the Income Tax Act. (See “Risk Factors”). The Corporation will distribute, on a monthly basis, all of its net income and any net realized capital gains, as determined under the Income Tax Act, as dividends during each year or within 90 days of its year end (See “Dividend Policy”). As a Mortgage Investment Corporation under the Income Tax Act, the Corporation is allowed to deduct such dividends from income and as a result does not pay any income tax (See “Canadian Federal Income Tax Considerations”). The Corporation may also employ leverage as permitted by the Income Tax Act.

THE CORPORATION

HarbourEdge Mortgage Investment Corporation was incorporated as a private corporation under the *Business Corporations Act* (Ontario) by Articles of Incorporation on August 3, 2005. The head and registered office of the Corporation is located at the HarbourEdge Centre, 40 Huron Street, Suite 300, Collingwood, Ontario, L9Y 4R3.

The corporation is registered extra-provincially in Nova Scotia and New Brunswick and will register extra-provincially in other Canadian jurisdictions in order to conduct its business in other provinces as may be approved by the Corporation's directors.

Business of the Corporation

The Corporation intends to qualify at all times as a MIC under the Income Tax Act. The Corporation operates as a tax free "flow through" conduit of profit to its shareholders. See "Canadian Federal Income Tax Considerations".

The MIC criteria under the Income Tax Act permit revenue sources other than residential mortgages, including equity investments in real estate, investments in stocks and securities of Canadian companies and mortgage lending in respect of commercial real estate.

Notwithstanding its ability to invest in a variety of investments allowed under the Income Tax Act, the Corporation invests its non CDIC (short term bank deposits) holdings in mortgages secured by Canadian real estate consisting of residential and commercial properties.

The only permitted undertaking of a Mortgage Investment Corporation under the Income Tax Act criteria is the investing of its funds and it is specifically prohibited from managing or developing real property.

The Corporation's business objective is to obtain a secure stream of income by optimizing its investment portfolio within the MIC criteria prescribed by the Income Tax Act. The Corporation's primary business is earning income through investing in residential and commercial loans to borrowers.

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. As a result of their needs for flexibility and prompt approvals, they often require the services of private lenders and organizations such as the Corporation.

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

The near prime market segments of the Canadian lending industry in which the Manager operates are under serviced by the large financial institutions in Canada. The near prime market segments differ from prime market segments because of lower borrower equity, lower borrower credit scores, lower pre-sales/pre-leasing and size of the loan.

These segments are populated by small to mid-sized borrowers in smaller, non-urban geographic markets, who require custom tailored financing solutions to meet their capital requirements. HarbourEdge maintains a mix of mortgage types in its portfolio including builder mortgages, first and second mortgages, development and construction mortgages and term financing mortgages on income producing properties. A typical loan size ranges from \$500,000 to \$10,000,000. The Corporation has established a policy that limits its credit exposure to any one borrower to less than 10% of the total value of the portfolio.

To facilitate the MIC's investments in the mortgage lending industry, HarbourEdge has entered into a Management Services Agreement (the "Management Agreement") with HarbourEdge Capital Corporation (the "Manager"). See "The Manager".

Investment Policies, Practices and Restrictions

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

- the Corporation invests primarily in residential, industrial and commercial mortgages
- the Corporation also invests in demand loans and term loans secured by commercial, industrial and residential real estate
- the Corporation maintains at least 50% of its portfolio in mortgages secured by residential real estate and in short term deposits
- the Corporation invests only in mortgages secured on real property
- the Corporation will not borrow funds in excess of 20% of the total value of the portfolio
- investments are made only when recommended by the Manager and approved by the Credit Committee
- all mortgages are registered on title to the subject property in the Corporation's name, the Manager's name or a bare trustee as nominee for the Corporation
- the Corporation may invest in mortgage backed securities provided the underlying mortgages which secure the bond, unit or other instrument that comprise the mortgage backed securities meet the requirement of a MIC under the Income Tax Act
- cash balances not invested in mortgages or mortgage backed securities are deposited with a Canadian chartered bank in short term deposits, savings accounts or government guaranteed income certificates or treasury bills
- the Corporation does not invest in any mortgage or make any investment that would result in its failure to qualify as a Mortgage Investment Corporation as defined in the Income Tax Act
- the Corporation does not invest for the purposes of exercising control over management of any issuer
- the Corporation does not guarantee the securities or obligations of any person
- the Corporation does not loan money to, or invest in, securities of the Manager, or the Manager's affiliates or other non-arm's length parties, other than investments in mortgages provided by the Manager under the Management Agreement

The Corporation's investment policies, practices and restrictions set out above may be amended, supplemented or replaced from time to time by unanimous approval of the Corporation's Board of Directors. Notwithstanding the foregoing, if at any time a government or regulatory agency having jurisdiction over the Corporation enacts any law, regulation or requirement which is in conflict with the Corporation's investment policies, the Board of Directors has the authority to amend such policies, practices and restrictions to conform with applicable laws and regulations which shall not require the prior consent of the Shareholders.

Borrowing Strategy

Management believes that utilization of a modest level of borrowing significantly enhances the total return to its shareholders.

HarbourEdge may from time to time borrow funds from other entities which will enable it to make its use of funds much more efficient since it allows it to operate without having excessive uninvested funds on hand due to the variable and unpredictable nature of funding commitments and investor inflows and outflows.

Additionally, the Corporation will earn a positive interest rate spread between the interest earned from investing such borrowings and the interest rate paid by the Corporation on those borrowings.

HarbourEdge has secured a \$12 million Credit Facility from a Credit Union. The Credit Facility is on a demand basis which allows HarbourEdge to draw down funds as needed and which can be repaid at any time without notice or penalty. The loan/mortgage portfolio balance outstanding as at June 30, 2014 was \$222,419,566. From a leverage perspective, the full Credit Facility would represent less than 10% of the mortgage portfolio.

This is in keeping with the Corporation's policy of limiting the use of leverage to less than 20% of the value of the underlying assets and substantially less than the 3:1 leverage allowed for MIC's under the Income Tax Act.

Interest is charged to the Corporation at the Credit Union Commercial Lending Rate plus 0.50%.

The Credit Facility is secured by general security interest granted by HarbourEdge to the Credit Union, pursuant to a General Security Agreement representing a floating charge over the assets and undertakings and assignment of a specified pool of first mortgages held by the Corporation.

The Manager is guaranteeing the Credit Facility without charge to the Corporation.

History of the Corporation

The Corporation commenced operations on August 3, 2005.

The dividend record to date is illustrated below:

Period Ended	Annualized Percentage Rate
June 30/06 (10 months)	10.23%
June 30/07	10.12%
June 30/08	10.05%
June 30/09	10.11%
June 30/10	10.09%
June 30/11	10.00%
June 30/12	9.84%
June 30/13	9.35%
June 30/14	9.08%
Since inception	9.86%

An amount of \$100,000 invested at August 3, 2005 would have a present value at June 30, 2014 of \$235,794 (assuming reinvestment of dividends).

At June 30, 2014, the Corporation's investment portfolio had a book value of \$230,791,907 and the loan/mortgage portfolio had a book value of \$222,419,566.

The market value of the underlying properties securing the mortgages will fluctuate over time depending upon local market and economic factors. The Manager maintains an active data base of comparative properties with similar characteristics to assess the loan to value ratio of the portfolio as part of its ongoing risk management practices. The loan to value ratio of the portfolio has fluctuated in a range of 55% to 60% since inception, which indicates there is substantial asset backing for the Corporation's investments.

Of these investments, more than 85% (by value) are secured by first mortgages with the balance by second mortgages. In certain instances there is additional collateral and/or personal or corporate guarantees.

The average term to maturity of the portfolio has not exceeded 12 months since inception, which allows the Corporation to minimize its interest rate exposure.

Corporation's Credit Committee

The Corporation has established a credit committee (the "Credit Committee") to review all proposals regarding investment decisions and to approve or reject such proposals. These include investments and/or loans by the Corporation, borrowings by the Corporation and acquisitions and/or dispositions. The Credit Committee meets as required and in any event no less than quarterly to provide strategic guidance and direction. The Credit Committee will be appointed by the Directors of the Corporation. The Credit Committee is comprised of Messrs. Dunn, Dwyer and Turbitt.

Corporation's Investment Committee

The Corporation has established an investment committee (the "Investment Committee") as a sub-committee of the Board of Directors of the Corporation which shall be comprised of individuals who are independent of the Manager. The sole member of the Investment Committee is Stephen Prest.

The Investment Committee is responsible for the following:

1. adjudicating and advising on transactions involving potential conflicts of interest;
2. approving or rejecting investments in, and acquisitions of, mortgages which may adversely affect the status of the Corporation as a MIC; and
3. dealing with such other matters as may be referred to the Investment Committee by the Board of Directors.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

Each Investor should consult his own professional advisers to obtain advice on the tax consequences that apply to the investor. No opinion from the Corporation's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all encompassing and should not be construed as specific advice to any particular investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Shares offered should be based primarily on the merits of the investment as such and on an investor's ability to bear any loss that may be incurred.

The Corporation has prepared the following commentary, which it believes is a fair and adequate summary of the principle federal income tax consequences arising under the Income Tax Act to an investor who acquires Shares under this Offering Memorandum.

The income tax consequences will not be the same for all investors, but may vary depending on a number of factors, including whether Shares acquired by such investor will be characterized as capital property, and the amount such investor's taxable income would be but for his participation in this Offering.

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

This summary is based on the Corporation's understanding of the current provisions of the Income Tax Act, the Regulations to the Income Tax Act, and the current administrative and assessing practices of Canada Revenue Agency, Taxation ("CRA").

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

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

It is incumbent upon prospective investors to fully investigate and substantiate the expectations above and, with respect to the assumption stated in (c) above, it is incumbent on an investor to investigate and

substantiate his expectation of earning a profit from holding Shares, having regard to his expected financing costs and any projections he may wish to obtain from the Corporation.

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

The Corporation

As a MIC, the Corporation is subject to special rules under the Income Tax Act that permit the Corporation to be operated, in effect, as a tax free “flow through” conduit of its profit to its Shareholders. The income of the Corporation for purposes of the Income Tax Act includes interest earned and the taxable portion of any net realized capital gains.

The Corporation is permitted to deduct from its net income all taxable dividends it pays to its Shareholders, other than capital gains dividends, and the taxable portion of its net realized capital gains distributed to Shareholders as capital gains dividends within the periods prescribed by the Income Tax Act. If and to the extent the Corporation has income after these and other applicable deductions, such income is subject to the prevailing tax rates applicable to a public corporation. The Corporation intends to pay out as dividends substantially all of its net income and net realized capital gains each year, and as a result the Corporation anticipates it will not be liable to pay income tax in any year.

Section 130.1 of the Income Tax Act sets out the criteria governing a MIC. In order to qualify as a MIC for a taxation year, a Corporation must have met all of the following criteria throughout that taxation year:

1. The Corporation was a Canadian corporation as defined under the Income Tax Act.
2. Its only undertaking was the investing of its funds and it did not manage or develop any real property.
3. None of the property of the Corporation consisted of:
 - (a) debts owing to the Corporation that were secured on real property situated outside Canada;
 - (b) debts owing to the Corporation by non-resident persons, except any such debts that were secured on real property situated in Canada;
 - (c) shares of the capital stock of companies not resident in Canada; or
 - (d) real property situated outside of Canada, or any leasehold interests in such property.
4. It had at least 20 shareholders, and no one shareholder together with related parties to that shareholder owned, directly or indirectly, at any time, more than 25% of the issued shares of any class of shares of the Corporation.
5. Any holders of preferred shares of the Corporation must have had the right after payment to them of their dividends, and payment of dividends in a like amount per share to the holders of common shares of the Corporation, to participate *pari passu* with holders of the common shares in any further payment of dividends.

6. The cost amount (as defined in the Income Tax Act) to the Corporation of such of its property consisting of:
 - (a) loans secured, whether by mortgages, hypothecs or in any other manner, on houses (as defined in the *National Housing Act*) or on property included within a housing project; and
 - (b) amounts of any deposits standing to the corporation's credit in the records of:
 - (i) a bank or other corporation any of whose deposits are insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec, or
 - (ii) a credit union,

plus the amount of any cash of the Corporation on hand must at all times be at least 50% of the cost amount to it of all of its property.

7. The cost amount of all of the Corporation's real property, including any leasehold interests in such property, will at no time exceed 25% of the cost amount of all of its property (excluding any real property acquired after default made on a mortgage, hypothec or agreement of sale of real property whether it be by way of foreclosure or otherwise).
8. The Corporation's liabilities at any time in the year must not exceed three times the amount by which the cost amount to it of all of its property exceeds its liabilities, if at any time in the year the cost amount to the Corporation of the properties referred to above under item 6 (50% asset test) is less than two thirds of the cost amount to the Corporation of all of its property. However, where at any time in the year the cost amount to a Corporation of the properties referred to above under item 6 (50% asset test) is equal to two thirds or more of the cost amount to the Corporation of all of its property, the liabilities of the Corporation must not exceed five times the excess of the cost amount to the Corporation of all of its property over such liabilities.

From time to time, the Corporation may borrow funds provided it is economical and prudent to do so. These borrowings may take the form of lines of credit from banks and other lending institutions and/or promissory notes and other types of debt contracts with individuals and companies, as the case may be. It is probable that debt instruments will be secured by a charge against the assets of the Corporation, and in the event of liquidation or wind up, will rank in priority to the rights of the shareholders of the Corporation.

The Corporation is responsible for all of its taxes, legal, audit, shareholder communication, operating and administrative costs and expenses, plus expenses associated with the acquisition, disposition and enforcement of the portfolio investments, except as outlined below under the section entitled "Management Expenses".

Shareholders

Dividends

Taxable dividends, except capital gains dividends, received by a Shareholder are taxable in the hands of the Shareholder as interest and not as dividends. Capital gains dividends received by a Shareholder are

treated as capital gains of the Shareholder, one half of which must be included as a “taxable capital gain” in computing the Shareholder’s taxable income.

Dispositions

A Shareholder will be considered to have disposed of his Shares when he assigns or sells his Shares, his Shares are the subject of a gift, he dies, or where the Corporation is wound up or otherwise terminated. Shares which are the subject of a gift or which are held by a Shareholder when he dies are generally deemed to be disposed of for proceeds equal to fair market value at that time. However, in certain circumstances a capital gain or capital loss will be deferred where, by gift or bequest the Shares are transferred to the Shareholder’s spouse or common law partner (as defined in the Income Tax Act) who was resident in Canada immediately before the Shareholder’s death.

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

Shareholders will include one half of any capital gain in computing taxable income as a “taxable capital gain.” Similar proportions of a capital loss will be an “allowable capital loss” that may be used to offset taxable capital gains in the year the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gains in that year, it may be carried back three years and forward indefinitely to offset taxable capital gains realized in those years.

Interest on Money Borrowed to Purchase Shares

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

Provisions in the Income Tax Act may allow a Shareholder to continue to deduct interest expense where the Shares are disposed of, provided certain criteria are satisfied.

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

Eligibility for Investment by Deferred Income Plans

As long as the Corporation is qualified as a MIC under the Income Tax Act, the Shares will be qualified investments for trusts governed by a registered retirement savings plan (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans and tax free savings plans (“TFSA”), provided the Corporation does not hold any debt of an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the plan trust or of any other person who does not deal at arm’s length with that person.

Interest Expense Regarding RRSP/TFSA Contributions

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

Distributions Received From Corporation by RRSP

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

In most situations, such distributions paid on Shares held by an RRSP will not be subject to tax until the funds are withdrawn from the plan. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP on withdrawal of the funds from the RRSP.

RRSP Contribution Limits

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

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

Funds or property withdrawn from an RRSP are taxable to the annuitant under the RRSP in the year of withdrawal.

Prohibited Investment for RRSPs/RRIFs and TFSAs

While the Shares may be a qualified investment for RRSP/RRIF and TFSA purposes, it is possible the Shares may be a prohibited investment, thus subjecting the Shareholder to tax. A prohibited investment includes a share of the capital stock of a corporation in which the RRSP/RRIF annuitant or TFSA holder does not deal at arm's length. A share of the capital stock of a corporation that does not deal at arm's length with a corporation in which the RRSP/RRIF annuitant or TFSA holder is a specified shareholder is also a prohibited investment. A specified shareholder, in general, includes a taxpayer who holds, directly or indirectly, at any time in the year, not less than 10% of the issued shares of any class of the capital stock of the corporation or any other corporation which is related to it; and, a taxpayer shall be deemed to own each share of the capital stock of a corporation owned at that time by a person with whom the taxpayer does not deal at arm's length.

Shareholders should consult their own tax advisors in determining whether these Shares may be a prohibited investment.

DESCRIPTION OF THE CLASS A PREFERRED SHARES

The Corporation is offering Class A Preferred Shares for sale at a price of \$1.00 per Share. The rights and restrictions attaching to Class A Preferred Shares are as follows:

Non-Voting

Except as otherwise required by applicable law, the holders of Shares are not entitled to notice of, or to attend or vote at, meetings of the Corporation.

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

Redemption by the Corporation

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

If not all of the outstanding Shares are to be redeemed, the Shares to be redeemed will be, unless the holders of the Shares otherwise agree, redeemed based in proportion to the number of Shares registered in the name of each holder as a percentage of the total number of Shares outstanding.

The amount to be paid by the Corporation in respect of each Share to be redeemed will be the Redemption Amount as hereinafter defined.

Early Redemption on the Death of a Shareholder

Upon notification in writing to the Corporation of the death of a Shareholder, the Corporation undertakes to have the Shares redeemed within 90 days of such notification subject only to the Corporation being able to do so under applicable laws.

Compassionate Early Redemption

The Corporation may consider applications for early redemption, but only under special circumstances.

It is important to note the decision as to whether or not to grant an early redemption is at the sole discretion of the Corporation and otherwise dependent upon the ability of the Corporation to do so under applicable laws.

A Shareholder may apply to the Corporation for an early redemption of all or part of the Shareholder's Shares, provided the date of application for early redemption is at least 90 days prior to the redemption date. The Corporation may then consider redeeming the requested number of Shares on or before the last day of the quarter immediately following the quarter in which the request for redemption is made.

Redemption Rights - General

Subject to the following, a Shareholder may request the Corporation to redeem all or any portion of its Shares at the end of any calendar quarter, provided the Shareholder has held the Shares for a period of at least twelve months. In certain circumstances, the hold period restrictions may be waived or abridged by the Corporation in its sole discretion. The amount payable by the Corporation in respect of each Share to

be redeemed shall be the Redemption Amount, as hereinafter defined, which shall be due 15 days after the redemption date.

Shareholders wishing to redeem Shares must submit written notice of such intention to the Corporation prior to the last business day of the preceding calendar quarter in which Shares are intended to be redeemed. Only whole Shares may be redeemed unless it is the investor's entire investment in the Corporation that is being redeemed.

Redemption proceeds are normally paid in Canadian Dollars in accordance with a Shareholder's instructions and within 15 days following the redemption date. There is no redemption fee, and the Corporation will bear all handling costs, including customary bank charges, etc.

The "Redemption Amount" is an amount equal to the amount paid up on the Shares together with all dividends declared thereon and unpaid as at the Redemption Date. The Redemption Date shall be the last day of the first full quarter following the quarter during which the redemption notice was given.

Redemption Rights - Substantial Shareholders

Notwithstanding the redemption rights outlined in the preceding section ("Redemption Rights – General"), in the interests of all Shareholders of the Corporation certain restrictions may, in the sole discretion of the Board of Directors, be placed on Substantial Shareholders.

A Substantial Shareholder is defined as a Shareholder who together with parties related to that Shareholder (as defined in the Income Tax Act) holds a total number of shares which is equal to or greater than 10% of the total number of Shares outstanding.

As long as a particular Shareholder is classified as a Substantial Shareholder they will be restricted to redeeming no more than 20% of their Shares in any quarter.

Suspension, Rejection or Deferral of Redemptions

Notwithstanding the redemption rights outlined above (See "Redemption Rights – General"), the Corporation has the discretion to suspend, reject or defer redemptions of its Shares where:

- (a) such redemptions will result in the Corporation failing to qualify as a MIC under the Income Tax Act;
- (b) the Corporation has a working capital deficiency or such redemptions would cause the Corporation to have a working capital deficiency;
- (c) such redemptions would cause the Corporation to be in default of its financial obligations under bona fide arm's length loan or credit arrangements; or
- (d) such redemptions are otherwise prohibited under applicable laws.

If, in accordance with the foregoing criteria, the Corporation is only able to redeem a portion of the Shares tendered at any time for redemption, the Shares shall be redeemed on a pro rata basis, disregarding fractions, according to the number of Shares of each holder who has tendered Shares for redemption relative to the total number Shares tendered for redemption.

Dividend Policy

The Corporation pays out as cash dividends substantially all of its net income and net realized capital gains every year. The dividends are calculated and paid on a monthly basis within 15 days after the end of each calendar month and in any event within 90 days of its year end. The payment of dividends is subject to the discretion of the Board of Directors to establish working capital and other reserves for the Corporation.

Dividend Reinvestment Plan

The Corporation, subject to maintaining the status of the Corporation as a “MIC” under the Income Tax Act and applicable securities laws, provides 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.

Eligibility

All shareholders are eligible to participate in the DRIP by completing an enrolment form in the form attached hereto as Schedule “D” and returning it to the Corporation (the “Registered Participants”). Shareholders may enrol all or a portion of their Shares in the DRIP.

Investment Date

Dividends are calculated, paid and reinvested in Shares on a monthly basis (the “Investment Date”). The payment of a dividend, and the declaration, record and payment dates applicable to it are determined by the Board of Directors in its sole discretion.

Cost and Attributes of Shares Purchased under the “DRIP”

Shares are purchased at \$1 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 calendar quarter, physical certificates may be issued to the Shareholder for Shares acquired under the DRIP for that 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. 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 sent to Shareholders will show the Shares purchased under the DRIP and should be retained for income tax purposes. The Corporation also reports to Shareholders on an annual basis any required information for income tax purposes with regard to all dividends paid to each holder of 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 consistent 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. Shareholders 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.

Pre-emptive 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.

Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its Shareholders for the purpose of winding up its affairs, the Corporation will distribute the assets of the Corporation among the Shareholders in the following order of priority:

- (a) First, to the holders of the Shares, an amount equal to the Redemption Amount attributed to the Shares;
- (b) Second, to the holders of the Common Shares, an amount equal to the amount paid up thereon together with all dividends declared thereon and unpaid; and
- (c) Third, the balance, if any, to the holders of the Shares and the Common Shares on a pro rata basis.

CAPITALIZATION

Description of Security	Number authorized to be issued	Number outstanding at June 30, 2014
Common Shares	Unlimited	10,000
Class A Preferred Shares	Unlimited	230,791,907

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

The following table sets out the 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 the Common Shares of the Corporation.

Name and Municipality of Residence	Positions held and the date of obtaining such position	Number and type of voting securities of the Corporation held
Larry Dunn Collingwood, Ontario	Chairman, CEO and Director Since August 3, 2005	925 Common Shares
Tim Dwyer Clarksburg, Ontario	President, COO and Director Since August 3, 2005	925 Common Shares
Robert Turbitt Owen Sound, Ontario	Sr. VP, CFO and Director Since April 1, 2012	925 Common Shares
Chris Harrop Toronto, Ontario	Secretary and Director Since August 3, 2005	925 Common Shares
Stephen Prest Collingwood, Ontario	Director Since August 3, 2005	900 Common Shares

Management Experience

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

Larry Dunn, Chairman, Chief Executive Officer and Director, HarbourEdge Mortgage Investment Corporation and HarbourEdge Capital Corporation, and Chairman, Secretary and Director, HarbourEdge Asset Management Corporation

Mr. Dunn is the founder and President of The Landex Group of Companies. For 30 years, The Landex Group has been developing residential, commercial, and industrial property in the Georgian Bay, Muskoka and Southwestern Ontario markets. The Landex Group currently has extensive residential housing developments that total over 4,000 units.

Larry is also the principal developer and President of The Georgian Bay Club, named by Golf Digest as "Best New Private Course in Canada" in 2005 and host of the PGA Nationwide Tour's Ford Wayne Gretzky Classic from 2008 to 2010.

Timothy Dwyer, President, Chief Operating Officer and Director, HarbourEdge Mortgage Investment Corporation and HarbourEdge Capital Corporation

Mr. Dwyer is a graduate of Laurentian University with an Honours Bachelor of Commerce degree.

Tim has over 25 years of banking experience with a senior Canadian bank, with a major focus on lending to both commercial and residential sectors, at a Senior Management level, V.P., managing lending books in excess of \$1 Billion.

At HarbourEdge since inception, Tim has been instrumental in developing the HarbourEdge business model, operating platform and policies that have guided the Corporation to date.

Robert Turbitt, Senior Vice President, Chief Financial Officer and Director, HarbourEdge Mortgage Investment Corporation and HarbourEdge Capital Corporation and Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer and Director, HarbourEdge Asset Management Corporation

Mr. Turbitt is a graduate of Wilfrid Laurier University with an Honours Bachelor of Business Administration degree and subsequently received his CPA,CA and CFP accreditations.

Prior to joining HarbourEdge in 2012, Bob practiced public accounting for 28 years and was a partner in a mid-sized Ontario accounting firm. Bob has extensive experience in the external audit of residential and commercial mortgage properties for one of Canada's largest trust companies.

Christopher Harrop, Secretary and Director, HarbourEdge Mortgage Investment Corporation and HarbourEdge Capital Corporation

Mr. Harrop is a graduate of the Ivey School of Business, University of Western Ontario with an Honours Bachelor of Arts degree. He also holds the CFA (Chartered Financial Analyst) and ICD.D designations, the latter from the Institute of Corporate Directors.

Chris has over thirty years' experience in corporate finance and strategic advisory services with a focus on small to mid-size public companies. He was formerly Senior Vice President and Director of Canaccord Capital Corporation, Canada's largest independent investment dealer.

Chris has also been the founder of and served on the Board of Directors of numerous publicly traded and privately held companies and charitable organizations including Blackheath Fund Management Inc., ClubLink Corporation, International Uranium Corporation, Oando Energy Resources Inc. and the Georgian Bay Club Foundation.

Stephen Prest, Director, HarbourEdge Mortgage Investment Corporation

Mr. Prest is a Certified Management Accountant, a graduate of the University of Western Ontario, and has an extensive and diverse financial and business background.

Steve is currently the General Manager of the Georgian Bay Club, Collingwood, Ontario. For nine years, he was the General Manager of Osler Bluff Ski Club, which is widely recognized as a "premier" private ski club in Ontario.

Steve has also held senior financial management positions with the Toronto Argonaut Football Club, Director, Finance and Administration; Dun & Bradstreet Canada Ltd., Vice President, Finance; and was a partner in The Landex Group, a successful real estate and development Corporation.

THE MANAGER

The Manager is a corporation incorporated under the laws of the Province of Ontario. The Manager is licensed as a Mortgage Administrator (License No. 11214) through The Financial Services Commission

of Ontario. The Manager is registered in the Province of New Brunswick as a Broker under the *Cost of Credit Disclosure Act*. The Manager is registered in the Province of Nova Scotia as a Mortgage Broker under the *Mortgage Brokers' and Lenders' Registration Act*.

The Manager's key personnel have been in the business of originating, underwriting, and servicing mortgages in the secondary mortgage market segments in Ontario since 1980. These qualifications and experience put the Manager in an advantageous position to provide the Corporation with related management, administrative, advisory, mortgage lending and financing services.

The Manager's personnel have extensive experience in property management, mortgage lending and investment banking and also have established relationships with experienced owners, builders, developers and others active in the real estate industry. The Corporation believes the Manager is therefore suitably qualified to locate and recommend investment opportunities for the Corporation.

Management Agreement

The Corporation has retained the Manager pursuant to the terms of the Management Agreement, to administer the Corporation's business affairs on a day to day basis, to provide ongoing advice to the Corporation and to provide the Corporation with real estate, mortgage and financing services, subject to the supervision of the Board of Directors of the Corporation.

The Management Agreement has an initial term of ten years and is automatically renewable for further terms of ten years after the expiration of the initial term, unless terminated early in accordance with the terms of the agreement. The Corporation may only terminate the Management Agreement for cause or the insolvency of the Manager. The Manager may also terminate the Management Agreement for cause or the insolvency of the Corporation. The Management Agreement may not be amended except by the written agreement of the Manager and the Corporation.

Though the Corporation and the Manager expressly agree in the Management Agreement that neither the Management Agreement nor the relationship between the Corporation and the Manager establish the Manager as a fiduciary to the Corporation, the Manager has agreed it will exercise its powers and discharge its duties under the Management Agreement honestly, in good faith and in what it reasonably believes to be in the best interests of the Corporation.

The Manager and the Agent are connected issuers due to various factors, including the fact that the directors and officers of the Agent are shareholders of the Manager, and are related issuers by virtue of the fact that the shareholder of the Agent is also an influential shareholder of the Manager. See "Conflicts of Interest".

The Manager will be given reasonable advance notice of, and has the right to attend and be heard, at all meetings of the Corporation's shareholders and Board of Directors, and any committees established by the Board of Directors. The Manager will be provided with copies of the minutes of and any resolutions passed at, all such meetings within a reasonable time after the meeting.

The Corporation acknowledges in the Management Agreement that the Manager and its shareholders, directors and senior officers have, or may have, interests and dealings in other companies, joint ventures, limited corporations and/or MIC's which are presently, or may in the future be, actively engaged in similar businesses as the Corporation. The Corporation agrees that neither the Manager nor its shareholders, directors or senior officers will be liable to the Corporation for any conflict of interest as a result of such other interests or dealings, and that such interests and dealings do not and will not constitute

a breach of the Management Agreement, even if competitive with the business of the Corporation, and even if the business opportunity could have been pursued by the Corporation.

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

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

Responsibilities of the Manager

The Manager holds directly, or through subsidiary or associated companies, all licenses, permits and registrations necessary in Ontario or elsewhere, for the Manager to carry out its responsibilities under the Management Agreement. More specifically, among other things, the Manager:

- assists the Directors in formulating and modifying the Corporation's investment policies and objectives;
- uses its best efforts to source and present investment opportunities consistent with the Corporation's investment policies;
- provides information relating to proposed acquisitions, dispositions, financing and mortgage investments;
- services and administers the Corporation's investments on its behalf, maintaining records and accounts in respect of each eligible investment and reports thereon on a monthly basis;
- provides those services required in connection with the collection, handling, prosecuting and settling of any claims with respect to the Corporation's investments, including foreclosing and otherwise enforcing security interests securing the Corporation's investments;
- delivers portfolio reports on a regular basis with respect to the Corporation's investments and provides documentation and/or other information as requested.

The Manager is responsible for all fees and expenses incurred in connection with the underwriting, completion and administration of investments to the extent such fees and expenses are recoverable from borrowers.

The Manager is not involved in the Corporation's decision to distribute the Shares or in the determination of the terms of the distribution of the Shares. The Manager will not receive any benefit in connection with the Offering other than receipt of the Administration Fee and the other fees payable to the Manager (as more particularly discussed elsewhere in this Offering Memorandum) in connection with mortgages acquired with the use of proceeds from the Offering. See "Compensation of the Manager and the Agent" and "Conflicts of Interest".

THE AGENT

The Shares will be offered for sale by HarbourEdge Asset Management Corporation (the “Agent”). The Agent is a corporation incorporated under the laws of the Province of Ontario and is registered as an Exempt Market Dealer (“EMD”) pursuant to NI 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations*. The sales representatives of the Agent are permitted to sell the Shares in accordance with the terms of their respective registrations.

In connection with the distribution of Shares, the Corporation is considered to be a “connected issuer” of the Agent under NI 33-105. The Corporation is a connected issuer of the Agent due to the fact that the shareholder, officers and directors of the the Agent are shareholders of the Corporation. See “Conflicts of Interest”.

Pursuant to the terms of an agency agreement (the “Agency Agreement”), the Corporation has retained the Agent to perform identification, solicitation and marketing of securities on behalf of the Corporation. The Agency Agreement has an initial term of ten years and is automatically renewable for further terms of ten years after the expiration of the initial term, unless terminated early in accordance with the terms of the agreement. The Corporation may only terminate the Agency Agreement for cause or the insolvency of the Agent. The Agent may also terminate the Agency Agreement for cause or the insolvency of the Corporation. The Agency Agreement may not be amended except by the written agreement of the Agent and the Corporation.

The Agent will not be liable to the Corporation in respect of any loss or damage suffered by the Corporation, including any loss or diminution in the net assets (that is, the value of the Corporation’s assets less its liabilities) of the Corporation, unless such loss or damage is a direct result of gross negligence, wilful misconduct, or dishonesty by the Agent in relation to its duties and responsibilities under the Agency Agreement.

The Agency Agreement also provides that the Corporation will indemnify the Agent and its directors, officers and employees from any claims arising in relation to the Agent’s duties and responsibilities under the Agency Agreement.

The Agent is not involved in the Corporation’s decision to distribute the Shares or in the determination of the terms of the distribution of the Shares. The Agent will not receive any benefit in connection with the Offering other than receipt of the Agent’s Fee. See “Compensation of the Manager and the Agent” and “Conflicts of Interest”.

COMPENSATION OF THE MANAGER AND THE AGENT

In consideration of the services provided by the Manager as described above, the Management Agreement provides that the Corporation will pay to the Manager management fees equal to the following:

1. Administration fees in respect of the Manager’s general management and advisory services in an amount equal to a percentage per annum of the net assets of the Corporation, calculated and paid monthly (the “Administration Fee”). For this purpose, “Net Assets” means total assets less total liabilities of the Corporation and for greater certainty, the liabilities of the Corporation do not include any amounts relating to the preferred share capital.
2. Underwriting fees in respect of any underwriting, commitment, brokerage or renewal services, in an amount equal to any underwriting, commitment, brokerage, renewal or similar fees set out in

the commitment for the mortgage investments. The underwriting fees shall only be payable to the Manager to the extent that they are recovered from the borrowers.

3. Ancillary fees as set out in the security documents with the borrowers as compensation or reimbursement for overhead expenses. The ancillary fees shall only be payable to the Manager to the extent they are recovered from the borrowers. Examples of ancillary fees include fees for statements, late payments, enforcement, insurance, inspections, dishonoured cheques and defaults.
4. Service fees in respect of any project monitoring, property management, mortgage or real estate services are provided on an ad hoc basis upon agreement of the parties at the time. The Corporation will pay the Manager as agreed between them at the time the particular service is initiated, but in no case will the Manager be paid a fee which is greater than fair market value for the services performed.

In consideration of the capital raising, referral, due diligence and other services the Agent performs for and on behalf of the Corporation, the Corporation will pay to the Agent an annual agent's fee (the "Agent's Fee"), except in jurisdictions where the payment of the Agent's Fee is prohibited by securities legislation, in an amount equal to a percentage per annum of the Net Assets of the Corporation, calculated and paid monthly. In no case will the Agent be paid a fee which is greater than fair market value for the services performed.

The sum of the annual Administration Fee and the annual Agent's Fee payable by the Corporation to the Manager and the Agent, respectively, will not exceed 2% of the Net Assets of the Corporation per annum. The Administration Fee and the Agent's Fee will be reviewed annually by the Corporation and the Manager and by the Corporation and the Agent, respectively, however in no event will there be a change in the Administration Fee or the Agent's Fee unless the Corporation and the Manager, or the Corporation and the Agent, respectively, agree in writing.

COMMISSIONS PAYABLE TO OTHER AGENTS, SUB-AGENTS AND REGISTERED DEALERS

In certain circumstances, other agents, sub-agents and registered dealers may receive commissions of up to 2% of the purchase price paid by an investor for the purchase of Shares, except in jurisdictions where the payment of such commissions is prohibited by securities legislation. Such commissions will be deducted from the purchase order for Shares and paid by the investor to the applicable agent, sub-agent or registered dealer. The Agent will invest the remaining amount in Shares.

LEGAL PROCEEDINGS

As of the date hereof there are no material legal proceedings by or against the Corporation.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation is indebted to the Corporation.

BANKERS

Scotiabank, 247 Hurontario Street, Collingwood, Ontario L9Y 2M4 is the Corporation's banker. The Corporation will deposit all funds received from subscribers with its bank prior to acceptance of the

subscription. Other banks may be appointed by the Corporation at the discretion of the Board of Directors.

AUDITORS

The Board of Directors of the Corporation has appointed Ernst & Young LLP, One London Place, 255 Queens Avenue, London, Ontario, N6A 5S7 as auditors of the Corporation.

LEGAL COUNSEL

The Corporation has retained Baulke, Augaitis, Stahr LLP, Barristers & Solicitors, 150 Hurontario Street, Collingwood, Ontario L9Y 3Z4 as general counsel with respect to real estate and general commercial matters.

CONFLICTS OF INTEREST

General

Conflicts of interest may exist, and others may arise, between investors and the directors and officers of the Manager, the Agent 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 Manager and the Agent. As the Manager is paid the Administration Fee and other fees (as more particularly described elsewhere in this Offering Memorandum) by the Corporation and the Agent is paid the Agent's Fee by the Corporation, there exists the possibility that such shareholders, officers and directors will be in a position of conflict. See "Compensation of the Manager and the Agent".

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to investors. Persons considering a purchase of Shares must rely on the judgment and good faith of the directors, officers and employees of the Manager, the Agent and the Corporation in resolving such conflicts of interest as may arise.

The Manager

The Corporation and its Shareholders are dependent in large part upon the experience and good faith of the Manager, which is entitled to earn fees for providing services to the Corporation. Officers and directors of the Manager may also serve from time to time as directors of the Corporation and/or Members of the Credit Committee.

The Manager and its associates are entitled to act in a similar capacity for other companies with investment criteria similar to those of the Corporation. As such, there is a risk the Manager will not be able to originate sufficient suitable investment opportunities to keep the Corporation's funds fully invested. Also, the Directors of the Corporation and the Manager may be employed by, or act in other capacities for, other companies involved in mortgage and lending activities.

The Agent

The Agent may act as 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 Agent 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 the Agent's disclosure to investors, the Agent will provide a description of all relationships it shares with the Corporation and all related or associated parties or entities.

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 Agent have acted, or are acting, for the investors nor have conducted any investigation or review on their behalf.

RISK FACTORS

General

An investment in the Shares offered hereunder should be considered speculative due to the nature of the Corporation's business. Investors should carefully review the following factors, together with the other information contained in this Offering Memorandum, before making an investment decision.

This is a speculative offering. The purchase of Shares involves a number of risks and is suitable only for investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on an investor's investment.

Investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares, 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, investors should consider the following risks before purchasing Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Corporation's business and/or the return to the investors.

No Market for Shares

There is no market through which the Shares may be sold and the Corporation does not expect any market will develop in the future. Accordingly, an investment in Shares should only be considered by investors who do not require liquidity. See "Restrictions on Resale".

Absence of Management Rights

The Shares being sold under this Offering Memorandum do not carry voting rights, and consequently an investor's investment in Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors.

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

MIC Tax Designation

The Directors of the Corporation use their best efforts to ensure the Corporation qualifies at all times as a MIC pursuant to the Income Tax Act. To that end, the Directors have the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where, in the view of the Directors, such acts would result in the Corporation failing to meet the requirements of a MIC under the Income Tax Act.

As a Corporation qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income and the normal gross up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Shares. Rather, the dividends will be taxable in the hands of Shareholders as if they had received an interest payment. If for any reason the Corporation fails to maintain its MIC qualification in a particular year, the dividends paid by the Corporation on the Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Shares would be subject to the normal gross up and dividend tax credit rules. In addition, the Shares might cease to be qualified investments for trusts governed by RRSPs, RRIFs, deferred profit sharing plans and TFSAs, with the effect that a penalty tax would be payable by the investor.

There can be no assurance, however, the Corporation will be able to meet the Income Tax Act's MIC qualifications at all material times.

Reliance on the Manager

In accordance with the terms of the Management Agreement between the Corporation and the Manager, the Manager has significant responsibility for assisting the Corporation in conducting its affairs. Any inability of the Manager to perform competently or on a timely basis could negatively affect the Corporation.

Key Personnel

The operations of the Corporation 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.

Use of Leverage

The Corporation has the option to incur indebtedness secured by the Corporation's assets to purchase or make mortgage investments. There can be no assurance such a strategy will enhance returns, and in fact, use of this strategy could adversely affect returns.

Use of leverage through borrowing (and the assignment of mortgages as collateral) can also expose the Corporation to additional losses of capital.

Insurance

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

Priority

Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the mortgages registered in favour of the 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.

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 the total amount recovered by the Corporation may be less than the total investment, resulting in loss to the Corporation.

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 such factors will have on its operations.

Competition

The earnings of the Corporation depend on the Corporation's ability, with the assistance of the Manager, to locate suitable opportunities for the investment and reinvestment of the Corporation's funds and on the yields available from time to time on mortgages and other investments. The industry in which the Corporation operates is subject to a wide variety of competition from public and private businesses, many of whom have greater financial and technical resources than the Corporation.

Competitors may reduce the interest rates they charge, resulting in a reduction of the Corporation's share of the market, reduced interest rates on loans, and reduced profit margins.

PROSPECTUS EXEMPTION

The Shares are being offered on a private placement basis. The Offering is being made in reliance upon exemptions from the prospectus requirements under NI 45-106. Accordingly, no prospectus has been, or will be, filed in connection with the Offering. Where the Corporation is relying on the "Accredited Investor" exemption (as defined in Section 1.1 of NI 45-106), the subscription agreement requires each such investor to confirm his status as an "Accredited Investor".

RESTRICTIONS ON RESALE

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

The Shares being distributed pursuant to this Offering Memorandum are subject to restrictions on resale until such times as: (i) appropriate hold periods have been satisfied; (ii) the trade is made in reliance on an

available statutory exemption; or (iii) an appropriate discretionary order is obtained pursuant to applicable securities laws. Since the Corporation is not a reporting Corporation pursuant to applicable securities legislation, the applicable hold period may never expire, and if no further statutory exemption is available and if no discretionary order is obtained, this could result in a potential investor having to hold Shares for an indefinite period of time. The Corporation does not intend to file a prospectus or otherwise become a Reporting Issuer pursuant to applicable securities legislation and accordingly it is not intended that any Shares will become freely tradable.

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

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

PURCHASER'S RIGHTS OF WITHDRAWAL AND RESCISSION

Rights for Shareholders In Ontario

In Ontario every purchaser of Shares pursuant to the this Offering Memorandum shall have a right of action for damages and/or rescission against the Corporation if this Offering Memorandum or any amendment thereto contains a misrepresentation (as defined in the *Securities Act* (Ontario)). In particular, Section 130.1 of the *Securities Act* (Ontario) provides that if this Offering Memorandum contains a misrepresentation, a Shareholder who purchases Shares offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or alternatively, may elect to exercise a right of rescission against the Corporation, provided that:

- (a) the Corporation will not be liable if it proves the purchaser purchased the Shares with knowledge of the misrepresentation;
- (b) in an action for damages, the Corporation is not liable for all or any portion of the damages the Corporation proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable exceed the price at which the Shares were offered; and
- (d) the right of action for rescission or damages is in addition to, and without derogation from, any other rights the purchaser may have at law.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

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

- (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Shareholders in Alberta

If this Offering Memorandum, together with any amendment hereto, is delivered to a Shareholder resident in Alberta and contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied upon the misrepresentation and will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum, and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;
2. no person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. no person or company (but excluding the Corporation) will be liable if the person or company proves (i) the Offering Memorandum was delivered to the Shareholder without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the Corporation that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct an investigation to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation;
5. in an action for damages, a person or company will not be liable for all or any part of the damages that such person or company proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and
6. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in British Columbia

If this Offering Memorandum, together with any amendment hereto, is delivered to a Shareholder resident in British Columbia and contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied upon the misrepresentation and will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;
2. no person will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. no person (but excluding the Corporation) will be liable if the person proves (i) the Offering Memorandum was delivered to the Shareholder without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Corporation that it was delivered without the person's knowledge or consent, (ii) on becoming aware of any misrepresentation in the Offering Memorandum, the person withdrew the person's consent to the Offering Memorandum and gave written notice to the Corporation of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation;
5. in an action for damages, a person will not be liable for all or any part of the damages that such person proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and
6. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Saskatchewan

If this Offering Memorandum, together with any amendment hereto, is sent or delivered to a Shareholder resident in Saskatchewan and contains a misrepresentation at the time of purchase, the Shareholder is

deemed to have relied upon that misrepresentation and will have a right for damages against the Corporation, every promoter and director of the Corporation (as the case may be), every person or company who signed this Offering Memorandum and every person or company who sells Shares on behalf of the Corporation (except if such person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the Offering Memorandum), or alternatively, while still the owner of the purchased Shares, for rescission against the Corporation, provided that:

1. no action shall be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 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 (i) one year after the Shareholder first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of the action;
2. no person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. no person or company (excluding the Corporation) will be liable if the person or company proves (i) the Offering Memorandum was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered without the person's or company's knowledge, (ii) after the filing of this Offering Memorandum and before the purchase of Shares by the Shareholder, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice to the Corporation of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of or extract from the report, opinion or statement of the expert;
4. no person or company (excluding the Corporation) will be liable with respect to any part of the Offering Memorandum purporting to be made on the person's or company's own authority as an expert, or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert if (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of this Offering Memorandum fairly represented the person's or company's report, opinion or statement, or (ii) on becoming aware that the part of this Offering Memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of this Offering Memorandum;
5. with respect to an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or

copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, the statement was true;

6. no person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or (b) believed there had been a misrepresentation;
7. no person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation; and
8. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

A Shareholder resident in Saskatchewan who has entered into an agreement for the purchase of Shares, which has not yet been completed, and who receives an amendment to this Offering Memorandum that discloses (i) a material change in the affairs of the Corporation, (ii) a change in the terms or conditions of the offering as described in this Offering Memorandum or (iii) securities to be distributed that are in addition to the Shares described herein, that occurred or arose before the Shareholder entered into the agreement for the purchase of the Shares, may within two business days of receiving the amendment deliver a notice to the Investment Manager or agent through whom the Shares are being purchased indicating the Shareholder's intention not to be bound by the purchase agreement.

Rights for Shareholders in Manitoba

In the event this Offering Memorandum, together with any amendment hereto, contains a misrepresentation, a Shareholder is deemed to have relied on the misrepresentation and has a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum, or alternatively, while still the owner of the purchased Shares, a right of rescission against the Corporation, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. no person or company (but excluding the Corporation) will be liable if the person or company proves (i) the Offering Memorandum was sent to the Shareholder without the person's or company's consent, and that, after becoming aware it was sent, the person or company promptly gave reasonable notice to the Corporation it was sent without the person's or company's

knowledge and consent, (ii) if the person or company proves that on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves they had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report, opinion or statement;

4. no person or company (excluding the Corporation) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation; and
5. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Québec

Under legislation adopted but not yet in force in Québec, if this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Québec contains a misrepresentation, the Shareholder will have (i) a right of action for damages against the Corporation, every officer and director of the Corporation, the dealer (if any) under contract to the Corporation and any expert whose opinion, containing a misrepresentation, appeared, with the expert's consent in this Offering Memorandum, or without prejudice to the Shareholder's right to claim damages (ii) a right of action against the Corporation for rescission of the purchase contract or revision of the price at which the Shares were sold to the Shareholder, provided that:

1. no person or company will be liable if it proves that:
 - (a) the Shareholder purchased the Shares with knowledge of the misrepresentation; or
 - (b) in an action for damages, that it acted prudently and diligently (except in an action brought against the Corporation).
2. no action may be commenced to enforce such a right of action:
 - (a) for rescission or revision of price more than three years after the date of the purchase; or
 - (b) for damages later than the earlier of (i) three years after the Shareholder first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the Shareholder, or (ii) five years from the filing of the Offering Memorandum with the Autorité des marchés financiers.

Rights for Shareholders in New Brunswick

If the Offering Memorandum, together with any amendment thereto, delivered or otherwise provided to a Shareholder resident in New Brunswick contains a misrepresentation that was a misrepresentation at the time of purchase, the Shareholder will be deemed to have relied on the misrepresentation and will have a right of action against the Corporation for damages or, alternatively, while still the owner of the purchased Shares, for rescission, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for any action, other than an action for rescission the earlier of (i) one year after the Shareholder first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of purchase;
2. no person will be liable if it proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. in an action for damages, a person will not be liable for all or any portion of the damages it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon; and
4. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

Rights for Shareholders in Nova Scotia

In Nova Scotia, in the event this Offering Memorandum, together with any amendment hereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia) (the “Nova Scotia Act”)), contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder resident in Nova Scotia will be deemed to have relied upon the misrepresentation and will have a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum or, alternatively, for rescission against the Corporation, provided that:

1. no action may be commenced to enforce a right created more than:
 - (a) in the case of an action for rescission, 180 days after the date of the purchase of the Shares; or
 - (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years from the date of purchase of the Shares;
2. notwithstanding the foregoing, no action may be commenced to enforce a right of action more than 120 days:
 - (a) after the date on which payment was made for the Shares; or
 - (b) after the date on which the initial payment for the Shares was made;

where payments subsequent to the initial payments are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment;
3. no person or company will be liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
4. no person or company (but excluding the Corporation) will be liable if the person or company proves: (i) the Offering Memorandum or the amendment thereto was sent or delivered to the Shareholder without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the Offering Memorandum or the amendment thereto and before the purchase of the Shares by the Shareholder, on becoming aware of any misrepresentation in the Offering Memorandum or the amendment thereto, the person or company withdrew the person's or company's consent to the Offering Memorandum or the amendment thereto and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum or the amendment thereto purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe there had been a misrepresentation, or the relevant part of the Offering Memorandum or the amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
5. no person or company (but excluding the Corporation) will be liable with respect to any part of the Offering Memorandum or the amendment thereto not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief there had been no misrepresentation, or believed there had been a misrepresentation;

6. in an action for damages, a person or company will not be liable for all or any portion of the damages that such person or company proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and
7. in no case will the amount recoverable in any action exceed the price at which the Shares were sold to the Shareholder.

These rights are intended to correspond with the rights against a seller of securities provided in the Nova Scotia Act and the regulations thereto and are subject to defences contained therein. The rights of action for rescission or damages discussed above are in addition to, and without derogation from, any other rights the Shareholder may have.

Rights for Shareholders in Prince Edward Island

If this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Prince Edward Island contains a misrepresentation, the Shareholder will have a right of action against the Corporation, every director of the Corporation (if applicable) at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, alternatively, for rescission against the Corporation, provided that among other limitations:

1. no action may be commenced to enforce a right of action more than:
 - (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action other than an action for rescission,
 - (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years after the date of the transaction giving rise to the cause of action,whichever period expires first.
2. in an action for rescission or damages, a person will not be liable if it proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. in an action for damages, a person is not liable for any damages it proves do not represent the depreciation in value of the Shares resulting from the misrepresentation;
4. the amount recoverable under the right of action described herein must not exceed the price at which the Shares purchased by the Shareholder were offered;
5. no person other than the Corporation will be liable if the person proves that: (i) this Offering Memorandum was sent to the Shareholder without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Corporation that it had been sent without the person's knowledge and consent; (ii) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the Corporation of the withdrawal and the reason for it; or (iii) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, statement or opinion

of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation, or that the relevant part of this Offering Memorandum did not fairly represent the report, statement or opinion of the expert, or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

6. no person other than the Corporation will be liable with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation:
7. a person will not be liable for a misrepresentation in forward-looking information if:
 - (a) this Offering Memorandum contains, proximate to the forward looking information, reasonable cautionary language 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 person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward looking information.
8. the Corporation and every director of the Corporation at the date of this Offering Memorandum who is not a selling security holder, is not liable if the Corporation does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation:
 - (a) was based on information previously publicly disclosed by the Corporation;
 - (b) was a misrepresentation at the time of its previous public disclosure; and
 - (c) was not subsequently publicly corrected or superseded by the Corporation before completion of the distribution of the securities being distributed.
9. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

Rights for Shareholders in Newfoundland and Labrador

If this Offering Memorandum, together with any amendment hereto, delivered to a Shareholder resident in Newfoundland and Labrador contains a misrepresentation and it was a misrepresentation at the time of purchase, the Shareholder, without regard to whether or not the Shareholder relied on the misrepresentation, will have a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum, every person or company whose consent has been filed with respect to reports, opinions or statements that have been made by them and every person or company who signed this Offering Memorandum, or alternatively, a right for rescission against the Corporation, provided that:

1. no action shall be started to enforce a right of action more than:
 - (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of an action, other than an action for rescission, the earlier of
 - (i) 180 days after the Shareholder first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.
2. no person or company, other than the Corporation, is liable if the person or company proves the Shareholder purchased the Shares with knowledge of the misrepresentation;
3. no person or company, other than the Corporation, is liable if the person or company proves the Offering Memorandum was sent to the Shareholder without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the knowledge and consent of the person or company;
4. no person or company, other than the Corporation, is liable if the person or company proves the person or company, on becoming aware of the misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;
5. no person or company, other than the Corporation, is liable if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves the person or company did not have any reasonable grounds to believe and did not believe:
 - (a) there had been a misrepresentation; or
 - (b) the relevant part of the Offering Memorandum
 - (i) did not fairly represent the report, opinion or statement of the expert; or
 - (ii) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
6. no person or company, other than the Corporation, is liable if with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (a) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (b) believed there had been a misrepresentation;

7. in an action for damages, a person will not liable for all or any portion of the damages that such person proves do not represent the depreciation in value of the Shares as a result of the misrepresentation; and
8. in no case shall the amount recoverable exceed the price at which the Shares were sold to the Shareholder.

The rights discussed above are in addition to, and without derogation from, any other rights or remedies available at law to the Shareholder.

HOW TO SUBSCRIBE

Investors wishing to subscribe for Shares are to execute a subscription agreement in the form attached as Schedule "A" to this Offering Memorandum and to deliver same to the Corporation, together with a cheque payable to the Corporation for the full subscription amount. All monies received by the Corporation for subscriptions for Shares together with related copies of the subscription agreements will be held by the Corporation. Investors whose subscriptions are accepted will be entitled to interest on the subscription funds from the date of acceptance until the Shares are issued at the end of that quarter at a rate comparable to the dividend rate payable to the holders of Shares during the interim period.

SCHEDULE “A” – FORM OF SUBSCRIPTION AGREEMENT

TO: HARBOUREDGE MORTGAGE INVESTMENT CORPORATION
 THE HARBOUREDGE CENTRE
 40 HURON STREET, SUITE 300
 COLLINGWOOD, ON L9Y 4R3
 (the “Corporation” or the “Issuer”)

The undersigned (the “Purchaser”, “Investor” or the “Subscriber”) hereby subscribes for the following securities of the Issuer (the “Shares”)

No. of Shares	Class Of Shares	Subscription Price Of Shares (@ \$1.00 Each)	Redeemable by Investor
_____	Class A Preferred	\$ _____	12 months after last day of month in which Shares are issued, namely on _____, 201__.

PURSUANT TO THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OF THE ISSUER DATED AUGUST 15, 2015 THAT MAY BE AMENDED FROM TIME TO TIME (THE “OFFERING MEMORANDUM”), RECEIPT OF A COPY OF WHICH IS HEREBY ACKNOWLEDGED, THE UNDERSIGNED TENDERS TO THE ISSUER THE SUBSCRIPTION PRICE IN THE AMOUNT OF \$1.00 PER SHARE BY WAY OF CHEQUE OR BANK DRAFT PAYABLE TO HARBOUREDGE MORTGAGE INVESTMENT CORPORATION. THE UNDERSIGNED ACKNOWLEDGES THE SUBSCRIPTION FOR THE SECURITIES IS SUBJECT TO THE ACCEPTANCE OF THIS SUBSCRIPTION BY THE CORPORATION. THE UNDERSIGNED FURTHER ACKNOWLEDGES IT HAS READ BOTH THE OFFERING MEMORANDUM AND SUBSCRIPTION AGREEMENT AND HAS HAD AN OPPORTUNITY TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THE PURCHASE AND RESALE OF THE SHARES. UNLESS OTHERWISE DEFINED IN THIS SUBSCRIPTION AGREEMENT, ALL OF ITS CAPITALIZED TERMS HAVE THE SAME MEANING AS DEFINED IN THE OFFERING MEMORANDUM.

The Purchaser acknowledges, represents, warrants and declares that, as at the date of this Agreement:

- (a) no prospectus has been filed by the Issuer with a Regulator (as defined below) in connection with the issuance of the Shares, the issuance of the Shares is exempted from the prospectus requirements under Applicable Securities Law (as defined below), and:
 - (i) the Purchaser is restricted from using most of the civil remedies available under Applicable Securities Law;
 - (ii) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under Applicable Securities Law; and
 - (iii) the Purchaser is eligible to purchase the Shares pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws.

As used in this Agreement, “**Regulator**” means: (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; (ii) any quasi-governmental, self-regulatory or private body exercising any regulatory authority; and “**Applicable Securities Laws**” means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Shares will be offered, sold and issued.

- (b) the Purchaser is an “accredited investor” as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**Rule 45-106**”), a copy of which definition is attached as Exhibit 1 to this Subscription Agreement and has confirmed such status by initialling the appropriate category of “accredited investor” in Exhibit 1 that applies to the Purchaser and signing Exhibit 1, or the Purchaser is eligible under another prospectus exemption under Rule 45-106;
- (c) if an individual, the Purchaser has attained the age of majority and has the legal capacity and competence to execute this Subscription Agreement and to take all actions required pursuant hereto;
- (d) if a corporation or body corporate, the Purchaser is duly incorporated and validly subsisting and has the legal capacity and authority to execute this Subscription Agreement and to take all action required pursuant hereto and all necessary approvals by its directors, unit holders and members, or otherwise, have been given to authorize it to execute this Subscription Agreement and to take all actions required pursuant hereto;
- (e) the execution, delivery and performance by the Purchaser 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 Purchaser, and do not and will not constitute a breach of or default under any of the Purchaser’s constating documents (if the Purchaser is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (f) the Purchaser is a resident in the jurisdiction set out on the signing page of this Subscription Agreement and therefore a “resident” of Canada as that term is defined in the *Income Tax Act* (Canada);
- (g) the Purchaser 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 Shares for the account or benefit of a U.S. Person or a person in the United States;
- (h) the Shares have not been offered to the Purchaser in the United States, and the individuals making the offer to purchase the Shares, and executing and delivering this Subscription Agreement on behalf of the Purchaser, if applicable, were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (i) the Purchaser undertakes and agrees it will not offer or sell the 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 Shares, except in

accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;

- (j) no advice was given by, or sought by the undersigned from, the Issuer or any of its officers, directors, employees or agents, as to the merits of an investment in Shares of the Issuer;
- (k) the Purchaser is purchasing the Shares as principal and no other person, corporation, firm or other organization will have a beneficial interest in the Shares, except if the Purchaser is a managed account as defined in Rule 45-106;
- (l) no person has made the Purchaser any written or oral representations:
 - (i) that any person will resell or repurchase the Shares;
 - (ii) that any person will refund the subscription price of Shares;
 - (iii) as to the future price or value of Shares; or
 - (iv) that the Issuer or the Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post the Shares for trading on a stock exchange;
- (m) the Purchaser is familiar with the aims and objectives of the Issuer and has been informed of the nature of its activities;
- (n) the Purchaser has been informed of the proposed use of the proceeds of the distribution of this offering of the Shares;
- (o) neither the Issuer nor any director of the Issuer has made representation about the present or future value of the Shares, and in completing this subscription for Shares he or it may rely solely on the representations directly set out in this Subscription Agreement;
- (p) the Purchaser has sought and obtained competent independent advice regarding the purchase and resale of the Shares under the Act, Regulations and Rules, and any other applicable securities laws;
- (q) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;
- (r) this Subscription Agreement has been duly executed and delivered by the Purchaser and constitutes a valid obligation for the Purchaser, legally binding upon the Purchaser, and enforceable against the Purchaser in accordance with its terms;
- (s) this Subscription Agreement shall be construed and enforced in accordance with, and the rights of the parties hereto shall be governed by, the laws of the Province of Ontario;

(t) the Purchaser acknowledges this Subscription Agreement and Exhibit 1 hereto require the Purchaser to provide certain personal information to the Issuer. Such information is being collected by the Issuer for the purposes of completing the Subscription, which includes, without limitation, determining the Purchaser's eligibility to purchase the Shares under applicable securities legislation, registering the Shares issued to the Purchaser and completing filings required by any securities regulatory authority. The Purchaser's personal information may be disclosed by the Issuer to: (a) applicable Regulators, (b) the Issuer's registrar and transfer agent, and (c) any of the other parties involved in the Subscription, including legal counsel. By executing this Subscription Agreement, the Purchaser is deemed to be consenting to the filing of copies or originals of any of the Purchaser's documents described herein as may be required to be filed with any Regulator in connection with the transactions contemplated hereby. If the Purchaser is a resident of Ontario, the Purchaser hereby authorizes the indirect collection of the information by the Ontario Securities Commission and acknowledges it has been notified by the Issuer:

- (i) of the delivery to the Ontario Securities Commission of personal information of the Purchaser,
- (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation,
- (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and
- (iv) the following is the contact information of the public official in Ontario who can answer questions about the Ontario Securities Commission's indirect collection of the information:

Ontario Securities Commission

Suite 1903, Box 5520 Queen Street West

Toronto, Ontario M5H 3S8

Telephone: (416) 593-3683

Facsimile: (416) 593-8252

Public official contact regarding indirect collection of information:

Administrative Assistant to the Director of Corporate Finance

Telephone (416) 593-8086;

- (u) if required by applicable securities legislation or regulatory policy or by any securities commission or other regulatory authority, the Purchaser will execute, deliver, file and otherwise assist the Issuer in filing such reports, undertakings and other documents with respect to the issue of the Shares as may be required;
- (v) the funds representing the subscription price which will be advanced by the Purchaser to the Issuer hereunder will not represent proceeds of crime for the purposes of the *Proceeds of the Crime (Money Laundering) Act (Canada)* (the "PCMLA") and the Purchaser acknowledges the Issuer may in the future be required by law to disclose the Purchaser's name and other information relating to this Subscription Agreement and the Purchaser's

subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of the Purchaser's knowledge (i) none of the subscription funds to be provided by the Purchaser (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Purchaser; and (ii) it shall promptly notify the Issuer if the Purchaser discovers that any of such representations ceases to be true, and provide the Issuer with appropriate information in connection therewith; and

- (w) the Purchaser acknowledges and confirms by its signing of Exhibit 2 hereto that the Issuer shall provide documentation to which the Purchaser is entitled, electronically rather than by mail.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated at _____, _____ this _____ day of _____, 201__.

Witness to Signature(s) of Subscriber

Signature of Subscriber

Name of Witness (please print)

Signature of Subscriber

Name of Subscriber (please print)

Address of Subscriber

Social Insurance Number/Business Number/
Trust Number

Account Number

Social Insurance Number/Business Number/
Trust Number

RRSP/RRIF/TFSA

Telephone (work): _____

Telephone (home): _____

Fax: _____

Email Address: _____

Name of Agent Firm

Name of Representative

For Completion by the Issuer:

This subscription is accepted at Collingwood, Ontario by the Issuer and the Issuer hereby acknowledges receipt of the Subscription Price for _____ Shares this _____ day of _____ 201__.

HARBOUREDGE MORTGAGE INVESTMENT CORPORATION

Per: _____
Authorized Signing Officer

EXHIBIT 1 – ACCREDITED INVESTOR CERTIFICATE

ACCREDITED INVESTORS

TO: HARBOUREDGE MORTGAGE INVESTMENT CORPORATION (the “Company”)

RE: PURCHASE OF CLASS A PREFERRED SHARES OF THE ISSUER (the “Securities”)

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any category below, please contact your broker and/or legal advisor before completing this certificate.

In connection with the purchase by the undersigned Purchaser of the Purchaser’s Securities, the Purchaser, on its own behalf and on behalf of each of the beneficial purchasers for whom the Purchaser is acting, hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

1. the Purchaser, or each of the beneficial purchasers for whom the Purchaser is acting, is resident in, or otherwise subject to, the securities laws of one of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador, Nova Scotia, New Brunswick or Prince Edward Island;
2. the Purchaser, or each of the beneficial purchasers for whom the Purchaser is acting, is purchasing the Purchaser’s Securities as principal (as defined in applicable Securities Laws) for its own account and not for the benefit of any other person;
3. the Purchaser, or each of the beneficial purchasers for whom the Purchaser is acting, is an “accredited investor” within the meaning of Rule 45-106 (as defined below) on the basis that the undersigned fits within the category of an “accredited investor” reproduced below beside which the undersigned has indicated the undersigned belongs to such category;
4. the Purchaser has not been created and is not being used solely to purchase or hold the Shares as an accredited investor described in paragraph (m) of the definition of “accredited investor” in Rule 45-106, as set out below at item (m); and
5. upon execution of this Exhibit 1 by the Purchaser, this Exhibit 1 shall be incorporated into and form a part of the attached Subscription Agreement.

(PLEASE INITIAL THE BOX OF THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR)

- ____(a) a Canadian financial institution, or a Schedule III bank;
- ____(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- ____(c) 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;
- ____(d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;

- _____(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) 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;
- _____(g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comite de gestion de la taxe scolaire de l'île de Montreal or an intermunicipal management board in Québec;
- _____(h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- _____(i) 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;
- _____(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;
- _____(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;
- _____(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;
- _____(l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- _____(m) a person, other than an individual or 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 and 2.19 of Rule 45-106; or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of Rule 45-106;

- _____(o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, 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;
- _____(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 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.

For the purposes hereof, the following definitions are included for convenience:

“Canadian financial institution” means (a) 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 (b) 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;

“control person” has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where 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 an issuer so as to affect materially the control of the issuer, or

(b) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;

“eligibility adviser” means:

- (a) a person registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) 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 the lawyer or public accountant must not
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (ii) 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;

“entity” means a company, syndicate, partnership, trust or unincorporated organization;

“executive officer” means, for an issuer, 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, or
- (c) performing a policy-making function in respect of the issuer;

“financial assets” means cash, securities, or any a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“founder” means, in respect of an issuer, a person who,

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

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes: (a) 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 and (b) 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;

“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;

“related liabilities” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or liabilities that are secured by financial assets;

“Rule 45-106” means National Instrument 45-106 – *Prospectus and Registration Exemptions* as such instrument is in effect at closing in the province in which the Purchaser resides;

“Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“spouse” means an individual who (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

In Rule 45-106 an issuer is considered to be an affiliated entity of another issuer if one is a subsidiary entity of the other or if each of them is controlled by the same person.

In Rule 45-106 a person (first person) is considered to control another person (second person) if (a) the first person beneficially owns or directly or indirectly exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the closing of the transactions set out in the Subscription Agreement. If any such representations shall not be true and accurate before the closing, the undersigned shall give immediate written notice of such fact to the Company before such time.

Signature of Purchaser

Date

Print Name of Purchaser(s)

**EXHIBIT 2 - 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 SECURITY HOLDER

1. About your investment	
Type of securities: <i>CLASS "A" PREFERRED SHARES</i>	Issuer: HarbourEdge Mortgage Investment Corporation
Purchased from: _____ <i>Please Indicate the name of the dealer.</i>	
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 \$ _____ .	
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

First and last name of salesperson (please print):

Telephone:

Email:

Name of firm:

SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

6. For more information about this investment

HarbourEdge Mortgage Investment Corporation
HarbourEdge Centre, 300-40 Huron Street, Collingwood, ON L9Y 4R3
Sean Dwyer
705-443-8156
sdwyer@harbouredge.com
www.harbouredge.com

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

EXHIBIT 3 – CONSENT TO DISCLOSURE OF PERSONAL INFORMATION

**TO: HarbourEdge Asset Management Corporation and
HarbourEdge Mortgage Investment Corporation**

The undersigned hereby acknowledges and consents to the collection and disclosure to applicable securities regulatory authorities of personal information relating to the purchase of shares in the capital of HarbourEdge Mortgage Investment Corporation.

This information is being collected indirectly by the Securities Commissions under the authority granted to them in securities legislation for the purposes of the administration and enforcement of the securities legislation.

Dated as of the _____ day of _____, 20____

Signature

Signature (if applicable)

Name of Shareholder(s)

For more information on the indirect collection of information (based on province of residency) please contact:

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)

Alberta

Alberta Securities Commission,
Suite 600, 250–5th St. SW
Calgary, AB T2P 0R4
Attention: Information Officer
Telephone: (403) 355-4151

Saskatchewan

Saskatchewan Financial Services Commission
Suite 601, 1919 Saskatchewan Drive
Regina, SK S4P 4H2
Attention: Director
Telephone: (306) 787-5842

Manitoba

The Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Attention: Director of Registrations
Telephone (204) 945-2548
Fax (204) 945-0330

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Compliance and Registrant
Regulation
Telephone: (416) 593-8314
e-mail: registration@osc.gov.on.ca

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Regulatory Affairs
Telephone: (506) 658-3060

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer,
Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-6288

Québec

Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in
Québec)

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 2P8
Attention: Deputy Director, Capital Markets
Telephone: (902) 424-7768

Newfoundland and Labrador

Securities NL
Financial Services Regulation Division
Department of Government Services
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NL A1B 4J6
Attention: Manager of Registrations
Tel: (709) 729-5661

SCHEDULE “B” – CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS

1. I, the undersigned Subscriber, consent to receiving all documents of HarbourEdge 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: sdwyer@harbouredge.com
 - (b) by fax to:
HarbourEdge Mortgage Investment Corporation
40 Huron Street, Suite 300
Collingwood, Ontario L9Y 4R3
Fax: 705-443-8158
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.

DATE: _____

Shareholder Signature:

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

Please Print

Email Address

SCHEDULE "C" – ENROLMENT FORM FOR DIRECT DEPOSIT

Enrolment Form for Direct Deposit
<p>By signing this form, the undersigned agrees to have dividends accrued on Class A Shares of HarbourEdge Mortgage Investment Corporation (HarbourEdge) directly deposited to the bank account specified below.</p> <p>This authorization shall remain in effect until HarbourEdge 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 the address provided above.</p> <p>Dividends will continue to be paid on a monthly basis</p>

Investor Information (Please Print Clearly)
Name (s)
Address
Phone _____ Email _____
These services are for (check one) <input type="checkbox"/> Personal <input type="checkbox"/> 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" – ENROLMENT FORM FOR DIVIDEND REINVESTMENT PLAN

TO: HarbourEdge Mortgage Investment Corporation (the "Corporation")

By signing this form, the undersigned requests enrolment in the Corporation's Dividend Reinvestment Plan to have the percentage of dividends listed below 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 participation in the Plan will be subject to such policy. The undersigned also acknowledges this authorization to enrol Class A Preferred Shares will remain in effect until the undersigned notifies the Corporation in writing in accordance with the Plan.

Dividend Reinvestment:	_____ %
Cash Payment:	_____ %
Total:	<u>100%</u>

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:

HarbourEdge Mortgage Investment Corporation
40 Huron Street, Suite 300
Collingwood, Ontario
L9Y 4R3

Attention: Sean Dwyer

Fax: 705-443-8158