

OFFERING MEMORANDUM



Date: **July 27 2023**

The Issuer

Name: Benson Mortgage Investment Corporation
 (“**Benson**” or the “**Corporation**” or the “**Issuer**”).

Head office: Address: 10376 Yonge Street, Unit 209, Richmond Hill, Ontario
Phone: 416-477-5500
E-mail: bm@bensoncapital.ca
Website: www.bensonmic.ca

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

The Offering

Securities offered: Class “A” Shares (the “**Class A Shares**”) of the Issuer

Price per security: Net asset value per Class A Share. The Corporation expects the net asset value per Class A Share to be per \$10.00.

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

Minimum subscription amount: The Offering is subject to a minimum subscription amount of \$10,000.

Payment terms: The subscription price for Class A Shares is payable in full by the applicable closing date. See *Item 5.2 “Subscription Procedure”*.

Proposed Closing Dates: On the first business day of each month or such other date(s) as determined at the sole discretion of the board of directors of Benson. The right is reserved to close the subscription books at any time without notice.

Income tax consequences: There are important tax consequences to these securities. See *Item 8 “Income Tax Consequences and RRSP Eligibility”*.

Insufficient Funds

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

Compensation Paid to Sellers and Finders

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

Underwriter

The Corporation intends to sell Class A Shares primarily through BSM Capital Corporation (“**BSM**”), an exempt market dealer registered in Alberta, British Columbia, and Ontario.

Resale restrictions

The Corporation is not a reporting issuer or equivalent and has no present intention of becoming a reporting issuer in any province of Canada. The Subscriber will be restricted from selling the Class A Shares for an indefinite period. *See Item 12 “Resale Restrictions”.*

Working Capital Deficiency

Not applicable.

Payments to Related Party

Some of your investment will be paid to a Related Party of the Corporation. *See Item 1.2 “Use of Available Funds”*

Certain Related Party Transactions

Not applicable.

Certain Dividends or Distributions

The Corporation has paid dividends that exceeded cash flow from operations. *See Item 7 “Certain Dividends or Distributions”.*

Conditions on Repurchases

You will have a right to require the Corporation to repurchase all or any number of Class A Shares from you, but this right is generally only available on the last business day of June (the “Annual Retraction Date”) by providing a written retraction notice to the Manager (defined herein) at least 60 days in advance. Class A Shares will be repurchased at a price equal to the net asset value of the Class A Shares on the Annual Retraction Date which shall be paid within thirty (30) days of the Annual Retraction Date. The Corporation has the right to restrict the repurchase of Class A Shares if the repurchase would be contrary to applicable laws, the prior rights of holders of any other shares or compromise Benson’s status as a mortgage investment corporation. As a result, you might not receive the amount of proceeds that you want. *See Item 5.1 Terms of Securities.*

Purchaser's rights

The Subscriber has two (2) business days to cancel the agreement to purchase Class A Shares. If there is a misrepresentation in this Offering Memorandum, the Subscriber has the right to sue either for damages or to cancel the agreement. *See Item 13 “Purchaser’s Rights”.* The Class A Shares are offered for sale pursuant to exemptions from the prospectus requirements contained in NI 45-106 or in the *Securities Act* (Ontario). **No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. *See Item 10 “Risk Factors”.***

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GENERAL INFORMATION ABOUT THIS OFFERING MEMORANDUM

This Offering is a private placement and is not, and under any circumstances to be construed as, a public offering of the Class A Shares described herein. No action has been or will be taken to permit a public offering of the Class A Shares in any jurisdiction where action would be required to be taken for such purpose. The distribution or circulation of this Offering Memorandum and the offering and sale of the Class A Shares may be restricted by law in certain jurisdictions. The Class A Shares are being offered in reliance upon exemptions from the prospectus requirements set forth in applicable legislation. Subscribers into whose possession this Offering Memorandum may come are directed to inform themselves of and observe such restrictions and all other legal requirements of their respective jurisdiction of residence in respect of the acquisition, holding and disposition of the Class A Shares.

The Class A Shares will be issued only on the basis of information contained in this Offering Memorandum and any marketing materials which are incorporated into and form part of this Offering Memorandum, and no other materials, information or representation has been authorized or may be relied upon as having been authorized by the Corporation. Any subscription for the Class A Shares made by any Subscriber on the basis of materials, statements or representations not contained in or incorporated by reference in this Offering Memorandum, or inconsistent with the information contained in or incorporated by reference in this Offering Memorandum, shall be solely at the risk of such Subscriber. Neither the delivery of this Offering Memorandum at any time nor any sale of any of the Class A Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Corporation since the date of this Offering Memorandum or that the information contained herein is correct as of any time subsequent to the date hereof.

Prospective Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their own legal, investment, accounting, and tax advisors concerning this investment.

CONFIDENTIAL OFFERING MEMORANDUM

This Offering Memorandum is confidential and constitutes an offering of Class A Shares only in those jurisdictions and to those Subscribers where and to whom they may be lawfully offered for sale and sold. The Class A Shares do not trade on any exchange or market. No regulatory authority has assessed the merits of the Class A Shares or reviewed this Offering Memorandum. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of the Class A Shares offered herein.

This Offering Memorandum is for the use only of those Subscribers to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to any persons, other than their professional advisors, this Offering Memorandum or any of the information contained herein.

THIS IS A RISKY INVESTMENT

There is a risk that this investment will be lost entirely or in part. Only Subscribers who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider this investment.

This investment is speculative and involves a high degree of risk. This investment, in addition to the usual risks associated with the financial ability of the Corporation to make cash distributions, also carries a high risk associated with mortgage lending, purchasing, developing and selling real estate.

There is not, or there may not be in the future a market for a Subscriber to sell the Class A Shares and there is no assurance that a Subscriber will be able to find a buyer for Class A Shares at a later date.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this Offering Memorandum and any marketing materials which are incorporated into and form part of this Offering Memorandum (together, the “**Offering Memorandum**”), is “forward-looking information” within the meaning of Section 1 of the *Securities Act (Ontario)* which defines forward-looking information (“**FLI**”) as “disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection”. This means that this Offering Memorandum contains disclosure about possible events, conditions or financial performance that is based on assumptions about the future economic conditions and course of action. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “objective”, or other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Corporation, could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information contained in this Offering Memorandum is based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with this forward-looking information. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the Corporation's Shares should not place undue reliance on this forward-looking information.

In particular, this Offering Memorandum contains forward-looking information pertaining to the following:

- business development plans and estimated timing;
- investment objective and strategy;
- other expectations, beliefs, plans, goals, objectives, assumptions, information, including target yields, anticipated expenses and the ability of the Corporation to raise capital and grow the mortgage portfolio;
- the ability to retract Class A Shares and the ability of the Corporation to continue to qualify as a MIC; and
- statements about possible future events, conditions, results of operations or performance.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurances that future results, levels of activity, performance or achievements will occur as anticipated. Information regarding anticipated financial performance, business prospects, strategies, the nature of the Corporation's operations, sources of income, ability to raise capital, sources of financing; the Corporation's business outlook and plans for ongoing development, assumes that the prevalent economic conditions will not materially affect the business in a manner greater than anticipated.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual

results to vary and, in some instances to differ materially from those anticipated by the Corporation and described in the forward-looking information contained in this Offering Memorandum.

The material risk factors include, but are not limited to:

- the risks of competition within the Corporation's business;
- the risk of international, national and regional economic conditions;
- the uncertainty of estimates and projections relating to the real estate industry;
- fluctuations in interest rates;
- uncertainties as to the availability and cost of financing and changes in capital markets;
- changes in general economic and business conditions;
- risks associated with war, terrorism, geopolitical concerns, extreme weather, cybersecurity, natural disasters, pandemics or other public health outbreaks and the severity and duration thereof;;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; and
- the Corporation's ability to implement its business strategy.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect the Corporation's operations or financial results are included under the heading *Item 10 – "Risk Factors"* in this Offering Memorandum. Forward-looking information is based on the estimates and opinions of the Corporation at the time the information is presented. The Corporation assumes no obligation to update forward-looking information should circumstances or the Corporation's estimates or opinions change, except as required by law.

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

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DEFINITIONS

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

“**Affiliate**” means, with respect to a body corporate, another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

“**Associate**” where used to indicate a relationship with any person, means, (a) any body corporate of which the person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the body corporate for the time being outstanding (b) any partner of that person, (c) any trust or estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar capacity, (d) any relative of the person, including the person’s spouse, where the relative has the same home as the person, or © any relative of the spouse of the person where the relative has the same home as the person.

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

“**BMC**” means Benson Management Corp.

“**Board**” means the Corporation’s board of directors.

“**CDIC**” means Canada Deposit Insurance Corporation.

“**Class A Shares**” means the authorized and unissued Class “A” Shares in the capital stock of the Corporation.

“**Closing**” means completion of an Offering pursuant to this Offering Memorandum. The Corporation may, at its sole and absolute discretion, have more than one Closing.

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

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

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

“**Distributions**” means any distributions paid in any form by the Corporation on a class or series of issued shares, including without limitation (a) dividends, (b) payments made on a reduction of stated capital, or (c) any combination of any such distributions.

“**DRIP**” means a dividend reinvestment and share purchase plan. See *Item 5.1 “Terms of Securities - Dividend Reinvestment Plan”*.

“DRIP Enrollment Form” The enrollment form indicating that the Subscriber elects to participate in the DRIP (which may be included in the investor’s subscription agreement).

“DRIP Class A Share Price” a price per Class A Share equal to the most recent subscription price per Class A Share that was offered to Subscribers for purchase.

“Exempt Market Dealer” means BSM Capital Corporation (or any other dealer appointed by the Corporation from time to time).

“First Mortgage” means a first mortgage charge over Real Property.

“Investment Guidelines” has the meaning ascribed to it on page 4. See *Item 2.2 “The Business – Investment Guidelines”*.

“Lender/Broker Fees” means all lender, broker, origination, renewal, extension discharge, participation, NSF and administration fees.

“LTV” means the loan-to-value ratio described in *Item 2.2 “The Business – Investment Guidelines”*.

“Manager” means Benson Management Corp.

“Management Agreement” means the agreement between the Corporation and Benson Management Corp. dated January 1, 2018, as the same may be amended from time to time.

“Management” means Bogdan Muzychka, President, Secretary & Director; Gleb Muzychka, Director; Jin Zhang, Compliance Officer; Xiaolong Li, Chief Financial Officer.

“MIC” means a Mortgage Investment Corporation as defined under the Tax Act.

“Mortgage” means any commercial or residential mortgage containing a fixed charge over Real Property.

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

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

“Mortgage Brokerages Legislations” means *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), and other similar legislation in other provinces of Canada where the Corporation carries on business.

“Mortgage Portfolio” means the portfolio of mortgages on Real Property held by the Corporation from time to time.

“NAV” means net asset value of the Corporation, being the value of the assets of the Corporation less (1) the liabilities of the Corporation and (2) the stated capital of the voting shares of the Corporation.

“NAV per Share” means the quotient obtained by dividing the NAV of the Corporation on a given day by the total number of outstanding Class A Shares (immediately before any subscriptions for or redemptions of Class A Shares) at the close of business on such day.

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

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

“**Offering Memorandum**” means this offering memorandum and any marketing materials which are incorporated into and form part of this Offering Memorandum, prepared in accordance with Form 45-106F2, *Offering Memorandum for Non-Qualifying Issuers* as provided for in NI 45-106.

“**Ordinary Resolution**” means a resolution that is, (a) submitted to a meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at the meeting by at least a majority of the votes cast, or (b) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or the shareholder’s solicitor authorized in writing.

“**Person**” means any individual, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, association, bank, pension fund, or other organization, whether or not a legal entity, and any government agency or political subdivision thereof.

“**Principal Holder**” means each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the Corporation’s shares, including, without limitation, Class A Shares.

“**Promoter**” means, (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Corporation, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of the Corporation, directly or indirectly, receives in consideration of services or property, or both services and property, 10 per cent or more of any class of securities of the Corporation or 10 per cent or more of the proceeds from the sale of any class of securities of the Corporation, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

“**Real Property**” means real estate located in Canada.

“**Registered Plans**” means Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Deferred Profit Sharing Plan (DPSP), Registered Pension Plan (RPP), Registered Education Savings Plan (RESP), Tax Free Savings Account (TFSA), independent savings plan or other savings plan created by a province or the Canadian government.

“**Related Persons**” has the meaning ascribed to that term in the Tax Act as it relates to the description of the number of shares that may be held by shareholders of a “mortgage investment corporation”, as such term is defined in the Tax Act.

“**Resident Shareholder**” has the meaning ascribed to it in Section 6.2(b).

“**Second Mortgage**” means a second Mortgage over Real Property.

“**Securities Act**” means the *Securities Act* (Ontario) RSO 1990, c S.5, as amended.

“**Securities Policies**” means the Securities Act and all applicable policies, rules, instruments and legislation of the province of Ontario, as such may be amended from time to time.

“**Servicing**” has the meaning ascribed to it on page 9. See *Item 2.2 “The Business - Duties and Obligations of the Manager”*.

“**Servicing Agent**” has the meaning ascribed to it on page 9. See *Item 2.2 “The Business - Duties and Obligations of the Manager”*.

“**Shareholder**” means a holder of the Corporation’s shares.

“**Shares**” means the authorized and unissued shares in the capital stock of the Corporation.

“**Specified Shareholder**” means a person who at that time, either alone or together with persons with whom that person is not dealing at arm’s length, owns (a) shares of the capital stock of the Corporation that give the holders thereof 25% or more of the votes that could be cast at an annual meeting of the shareholders of the Corporation, or (b) shares of the capital stock of the Corporation having a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the capital stock of the Corporation, and for the purpose of determining whether a particular person is a specified shareholder of a corporation at any time, where the particular person or a person with whom the particular person is not dealing at arm’s length has at that time a right under a contract, in equity or otherwise, either immediately or in the future and either absolutely or contingently (c) to, or to acquire, shares in the Corporation or to control the voting rights of shares in a corporation, or (d) to cause the Corporation to redeem, acquire or cancel any of its shares (other than shares held by the particular person or a person with whom the particular person is not dealing at arm’s length), the particular person or the person with whom the particular person is not dealing at arm’s length, as the case may be, shall be deemed at that time to own the shares referred to in paragraph (c) and the Corporation referred to in paragraph (d) shall be deemed at that time to have redeemed, acquired or cancelled the shares referred to in paragraph (d), unless the right is not exercisable at that time because the exercise thereof is contingent on the death, bankruptcy or permanent disability of an individual.

“**Special Resolution**” means a resolution that is, (a) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at the meeting by at least two-thirds of the votes cast, or (b) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or the shareholder’s solicitor authorized in writing.

“**Subscriber**” means a person who subscribes for Class A Shares.

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

“**Target Dividend**” means the target dividend to be paid by Benson to a Shareholder.

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

“**Tax Proposals**” has the meaning ascribed to it on page 30. See *Item 8.3 “Description of Income Tax Consequences”*.

“**Third Mortgage**” means a third Mortgage over Real Property.

“**Voting Shares**” means the voting shares of the Corporation.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Funds

The Class A Shares will be offered on a continuous basis. There is no minimum or maximum offering size. Investors must subscribe for not less than \$10,000 of the Class A Shares. Benson reserves the right to waive the minimum investment requirement in certain circumstances, subject to compliance with regulatory requirements. The minimum subsequent investment amount per Subscriber is 500 Class A Shares (\$5,000). The following table discloses the net proceeds of the Offering and the funds that will be available to the Corporation under two hypothetical fundraising scenarios.

		Assuming minimum offering ⁽¹⁾	Assuming maximum offering of \$20,000,000 ⁽¹⁾
A	Amount to be raised by this offering	\$0	\$20,000,000
B	Selling commissions and fees ⁽²⁾	\$0	\$600,000
C	Estimated offering costs (including legal, accounting and audit) ⁽³⁾	\$40,000	\$40,000
D	Net proceeds: $D = A - (B + C)$	(\$40,000)	\$19,360,000
E	Additional sources of funding required	\$0	\$0
F	Working capital deficiency ⁽⁴⁾	\$0	\$0
G	Total: $G = (D + E) - F$	(\$40,000)	\$19,360,000

Notes:

- (1) There is no minimum or maximum offering. The Corporation intends to offer an unlimited number of Class A Shares on a continuous basis. The maximum offering size indicated above is an estimate of the maximum amount the Corporation expects to be raised over the next year. As of the date of this Offering Memorandum 1,392,613 Class A Shares are issued and outstanding.
- (2) The Corporation may pay registered dealers a commission of up to 3% of the proceeds of the Offering. See "Item 9 – Compensation Paid to Sellers and Finders".
- (3) Offering costs include legal, marketing, administrative, accounting and audit and other fees payable by the Corporation to its advisors. The Corporation expects to pay these costs from revenue generated after investment of the proceeds of the Offering. However, there is no assurance that this will always be possible, and it may from time to time be necessary to use a portion of the funds raised as part of the Offering to cover the Corporation's expenses.
- (4) The Corporation does not currently and does not expect to have a working capital deficiency.

1.2 Use of Available Funds

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

Description of intended use of net proceeds listed in order of priority	Assuming minimum offering ⁽¹⁾	Assuming maximum offering of \$20,000,000 ⁽¹⁾
Investment in Mortgages ⁽²⁾	\$0	\$18,989,701
Operating Expenses ⁽³⁾	\$0	\$370,299
Total: Equal to G in the Funds table above	\$0	\$19,360,000

Notes:

- (1) There is no minimum or maximum offering. The Corporation intends to offer an unlimited number of Class A Shares on a continuous basis. The maximum offering size indicated above is an estimate of the maximum amount the Corporation expects to be raised over the next year.
- (2) The available funds will be invested primarily in Mortgages secured by Real Property. Available funds not immediately invested or otherwise required for operating expenses or general working capital purposes will be held in cash and deposited with a Canadian financial institution. See *Item 2 "Business of the Corporation"*.
- (3) The expenses represent estimated management fees and incentive fees payable to the Manager pursuant to the Management Agreement and other operating expenses assuming the maximum Offering amount, as described under

Item 2.2 “The Business” and Item 2.8 “Material Contacts”. The Corporation expects to pay these costs from revenue generated after investment of the proceeds of the Offering. However, there is no assurance that this will always be possible, and it may from time to time be necessary to use a portion of the funds raised as part of the Offering to cover the Corporation’s expenses

1.3 Proceeds Transferred to other Issuers

A significant amount of the proceeds of the Offering will not be invested in, loaned to, or otherwise transferred to another issuer.

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on November 24, 2014 and was assigned the Corporation Number 2443092. The Corporation has no subsidiaries and the Corporation’s fiscal year end is December 31.

The head office and the registered office of the Corporation is located at 10376 Yonge Street, Suite 209, Richmond Hill, Ontario L4C 3B8, or as may be determined by the Corporation from time-to-time with the approval of the Board and notice of any such change will be provided to the Shareholders.

The Corporation is not a reporting issuer or equivalent in any jurisdiction and its Class A Shares are not listed or posted for trading on any stock exchange or market.

On December 30, 2015, a special meeting of the Corporation was convened. At that meeting, the holders of Voting Shares of the Corporation authorized the filing of articles of amendment pursuant to which the rights, privileges, restrictions and conditions relating to the Corporation’s Shares were amended to remove the restriction against payment of distributions (as defined therein) to holders of Voting Shares by incorporating a corresponding right to participate in distributions (as defined therein) as is currently provided to holders of the Class A Shares.

2.2 The Business

Overview

The Corporation qualifies and carries on business as a “mortgage investment corporation” (a “**MIC**”). The investment objective of Benson is to invest primarily in mortgages on Real Property situated primarily in the Province of Ontario.

Benson Management Corp. (the “**Manager**”), on behalf of Benson, reviews and selects mortgage investment opportunities to present to Benson and manages and services the mortgage portfolio (the “**Mortgage Portfolio**”). In making its investment selections to present to Benson, the Manager adheres to the investment and operating policies of Benson. As part of the approval process, the Manager provides a full underwriting report, consisting of a credit assessment of the mortgage investment and the security provided. The Manager is a licensed mortgage administrator and mortgage transactions for the Corporation are sourced by the Manager from Mortgage Brokers.

The Mortgage Portfolio is intended to consist of a diversified range of residential and commercial loans, all secured by First, Second and Third Mortgages on Real Property, as well as a number of loans secured by First, Second and Third Mortgages of vacant or undeveloped land. The Corporation earns its income from the interest paid pursuant to these Mortgages. To maintain a stable yield on its Mortgage

Portfolio, the Corporation will manage risk through maintenance of this diversified portfolio, conservative underwriting and diligent and aggressive mortgage servicing. A typical loan in the Mortgage Portfolio will have an interest rate of 8% to 15% per annum, a 12 month term and payment of monthly interest only. Interest is often set at a fixed rate or at a floating rate based on a margin over the prime lending rate of the Corporation's bank, sometimes with a minimum specified rate.

As a general rule, all whole mortgages held by the Corporation will be registered in its name. However, the Corporation may also hold an interest in syndicated mortgages in which case legal title to the Corporation's interest in such syndicated mortgages will be held in trust for the Corporation by Benson Custodian Corporation, a bare trustee as nominee for the Corporation. Benson Custodian Corporation is a corporation formed and existing under the laws of the Province of Ontario and an affiliate of the Corporation and the Manager.

The Corporation intends to qualify at all times as a MIC pursuant to the provisions of the Tax Act, a MIC does not pay income tax on the net earnings at the corporate level from which dividends are paid. Rather, income will get taxed in the hands of individual Shareholders. This will effectively enable the Corporation to operate as a tax-free "flow-through" conduit of profit to its Shareholders since it will not pay income taxes on net earnings from which dividends are paid. Therefore, so long as the Corporation maintains its classification or qualification as a MIC under the Tax Act, the Corporation will be allowed to deduct from its taxable income the dividends that are paid to its Shareholders.

In order to maintain its status as a MIC, the Corporation intends, at all times, to meet the criteria required by the Tax Act, including the requirement to invest at least 50% of its assets in residential mortgages and/or deposits with Canada Deposit Insurance Corporation ("CDIC") insured institutions or credit unions. The Corporation will not make any investment or conduct any activity that would result in the Corporation failing to qualify as a MIC.

The Corporation may from time to time acquire an interest in Real Property either as a result of foreclosure of a mortgage investment or as an investment but in no case will the cost amount of the Corporation's real or immovable property (excluding any real or immovable property acquired after default made on a mortgage whether it be by way of foreclosure or otherwise) exceed 25% of the cost amount of its property.

The Corporation intends to operate its business in various provinces as opportunities arise, and will apply, if necessary, to become registered under corporate and applicable mortgage brokering legislation to carry on business as a MIC in such provinces. The Corporation may change the provinces in which it makes loans depending on financial results from each province.

Taxation of MICs

Under the Tax Act, a MIC is not taxed on its net income earned and capital gains realized during a financial year if such net income and one-half of such capital gains are distributed to the MIC's shareholders within 90 days of the financial year end. Therefore, to receive this favourable tax treatment, the Corporation intends to annually distribute all of its net income and one-half of its capital gains to its Class A Shareholders. The annual distribution is paid, at the election of each Class A Shareholder, in cash or in further Class A Shares within 90 days of the Corporation's financial year end. These distributions are subject to tax as described in *Item 8 "Income Tax Consequences and RRSP Eligibility"*.

Permitted Businesses

To qualify as a MIC the Corporation is also restricted by the Tax Act to carrying on the following activities:

- (a) the Corporation's business must be passive and of an investment nature (accordingly, the Corporation cannot manage or develop residential or commercial real estate properties other than incidental management thereof; and
- (b) the Corporation's only business can be the investing of funds.

Furthermore, such investments are subject to the following restrictions:

- (a) at least 50% of the cost amount of all of the Corporation's assets must consist of cash, bank deposits insured by the Canada Deposit Insurance Corporation or loans secured on houses, or on property included within a housing project (as those terms are defined in the *National Housing Act*);
- (b) no more than 25% of the cost amount of all of the Corporation's assets can consist of ownership of, or lease interests in, real estate unless acquired through foreclosure;
- (c) the Corporation cannot invest funds in
 - (i) real estate located outside Canada or in leasehold interests in such real estate,
 - (ii) debts of persons not resident in Canada unless the debt is secured by a mortgage on real estate located within Canada, and
 - (iii) securities of corporations not resident in Canada;
- (d) the Corporation's net leveraging (the ratio of the amount of the Corporation's outstanding liabilities to the amount by which the cost of the Corporation's assets exceeds the Corporation's liabilities) cannot exceed a 3:1 ratio unless more than two-thirds of the Corporation's investments are in residential mortgages and bank deposits, in which case it is entitled to be no more than a 5:1 ratio.

Investment Policy

The Corporation's investment policy is intended to enable the Corporation to qualify for the special tax treatment afforded to MICs under the Tax Act. For this reason, the Corporation will invest most of the Corporation's funds in residential mortgage loans and bank deposits. The Corporation may also invest the Corporation's funds in construction, commercial and interim mortgage loans and may from time to time acquire an interest in real property subject to the restrictions applicable to MICs described above.

Mortgage investment opportunities will be originated and underwritten by registered Mortgage Brokers, reviewed by the Manager for compliance with the MIC's investment guidelines and then the loans will then be referred to the Corporation's Investment Committee for approval. The Investment Committee is made up of Bogdan Muzychka and Gleb Muzychka.

No funds will be loaned in respect of any Real Property in which the Corporation's directors or officers have a direct or indirect ownership interest, although a director or officer of the Corporation may invest along with the MIC in certain loans secured by Real Property.

The Corporation believes the types of mortgage loans in which the Corporation has invested, and will invest in, are consistent with the criteria for a MIC under the Tax Act.

Investment Guidelines

Subject to the right of the Corporation, in consultation and upon notice to the Manager, to revise the following restrictions from time to time, the Corporation has established certain restrictions on investments that may be made by it as follows (the "**Investment Guidelines**"):

1. The Corporation's only undertaking will be to invest the Corporation's funds in accordance with its investment objectives, strategies and restrictions, all in compliance with the requirements of the Tax Act applicable to a MIC.
2. The Corporation's capital is to be primarily invested in First Mortgages and Second Mortgages, provided that the Corporation may invest capital in Third Mortgages.
3. The maximum loan-to-value ratio (the "**LTV**") for any particular mortgage investment will vary depending on a number of factors including the location and marketability of the property and the condition of the property. The Corporation intends loans mainly to be limited to 80% of the LTV less the amount of any prior mortgages. The Corporation may exceed 80% of the LTV in certain circumstances including in order to secure the priority of the Corporation's loan or otherwise effect a workout of the borrower's indebtedness.
4. The maximum term of the loans can be up to three years but generally will be made for one-year terms. Mortgages in which the Corporation invests may contain clauses permitting the mortgagor, when not in default, to renew the mortgage for additional terms at the sole discretion of the Corporation and not the borrower.
5. Independent appraisals are required before the approval of most mortgage loans. The loans are only made where such appraisals and all other relevant materials including, where appropriate, credit, financial and economic reports are satisfactory to the Manager. See "Manager" below. However, under certain circumstances the appraisal requirement may be waived at the Manager's discretion.
6. The Corporation may participate with one or more lenders in syndicated mortgages. Syndication may be on a *pari passu* basis or on a subordinated basis. It will also enable the Corporation to participate in the financing of larger real estate projects than would otherwise be possible.
7. The Corporation may, from time to time, engage in bridge financing activities including the financing of new home construction.
8. The Corporation may, from time to time, acquire interests in Real Property in accordance with the requirements of the Tax Act for MICs.

The following is a list of the types of Real Property that the Corporation intends to accept as security:

1. Residential detached and semi-detached homes;
2. Residential townhouse or high-rise condominiums;
3. Properties where funds will be used to renovate an existing building or construct a new building;
4. Multi-family residential;
5. Mixed-use properties;
6. Industrial and commercial properties, including condominium properties;
7. Serviced and un-serviced land; and
8. Cottages and resort properties.

The following lists the type of Real Property that the Corporation considers unacceptable as security:

1. Laneway homes;
2. Co-operative housing;
3. Mobile homes; and
4. Leased land.

The Manager monitors and considers concentration when evaluating the Mortgage portfolio and making investment decisions. After the initial funding of a Mortgage, the Manager monitors potential changes to the value of a property and may in its discretion conduct a subsequent valuation.

Borrowing Strategy

The Corporation may from time to time (and subject to review and approval by the Board) borrow funds from Canadian chartered banks and/or other lenders. The credit facilities obtained by the Corporation will represent no more than 75% of the value of the Corporation's net assets and less than the maximum amount of leverage permitted for mortgage investment corporations by the *Income Tax Act* (Canada). Borrowed funds may be used for the purposes of funding mortgage investments, maintaining liquidity, for general working capital purposes and to bridge timing differences resulting from loan maturities and new loan origination.

The Corporation believes that utilization of a moderate level of borrowing may enhance the total return to its Shareholders and that such borrowing will enable the Corporation to make its use of funds more efficient since it may allow it to operate without having excessive uninvested funds on hand due to the variable and unpredictable nature of funding commitments and investor inflows and outflows. Additionally, the Corporation expects to earn a positive interest rate spread between the interest earned from investing such borrowings and the interest rate paid by the Corporation on those borrowings. In connection with any credit facility, the Corporation may grant security over any individual asset or any pool of assets.

Credit Facility

Subject to the borrowing restrictions noted above, the Corporation may enter into a credit facility with a Canadian financial institution or non-bank lender. As of the date of this Offering Memorandum, no credit facility is currently in place. Subject to the minimum balance and any other requirements imposed by the lender, it is expected that such credit facility will be on a demand basis which allows the Corporation to draw down funds as needed and which can be repaid at any time without notice or penalty.

It is expected that any credit facility will be secured by a general security agreement, providing a first charge over all of the present and future assets of the Corporation as well as a registered first priority assignment and pledge of certain approved mortgages under the loan facility. Upon an event of default under the credit facility that is not cured within the period specified in the facility, the lender may have the right to service certain approved mortgages. The facility may contain various positive, negative, reporting and financial covenants, including that loan proceeds may not be used to finance any share redemptions, and restrictions on the payment of dividends and share redemptions unless the Corporation is otherwise compliant with the covenants contained in the loan agreement. The Corporation intends to use the facility to fund the purchase of mortgages where deemed appropriate by the Board and the Manager.

Manager – Benson Management Corp.

Benson Management Corp., (“**BMC**” or the “**Manager**”) was incorporated under the laws of the Province of Ontario on February 12, 2013, under the OBCA.

To provide for the management of the Corporation’s business the Corporation entered into an administration and management agreement with BMC dated January 1, 2018 (the “**Management Agreement**”). At the time of this Offering Memorandum, the Manager does not have any subsidiaries.

The Manager is a licensed mortgage administrator under the MBLAA (License number 12350) and is governed by FSRA. The Manager, at any time, may in its sole discretion use the services of another licensee to conduct mortgage administration business in Ontario. Mortgage transactions for the Corporation are sourced by the Manager from licensed Mortgage Brokers.

The Manager’s registered office is located at 10376 Yonge Street, Suite 209, Richmond Hill, Ontario, L4C 3B8. Notice of any change to the Manager’s head office will be provided to Shareholders. The Manager’s head office at the date of this Offering Memorandum is the same as the office address of the Corporation.

Officers, Directors and Shareholders of the Manager

As of the date of this Offering Memorandum, Bogdan Muzychka is the sole director and officer of the Manager, holding the position of President, Treasurer and Secretary of the Manager. The Manager is indirectly 100% owned by Mr. Muzychka’s family trust.

Term of the Management Agreement

The Management Agreement renews automatically for additional one-year terms unless terminated in accordance with the terms of the Management Agreement. The Management Agreement may be terminated at any time by the Board, on behalf of the Corporation, with the approval of the Voting Shareholders by a Special Resolution.

In the event the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured within 30 days’ notice of such breach or default to the Manager, the Board shall give notice thereof to Voting Shareholders and with the approval of the Voting Shareholders by Ordinary Resolution, the Voting Shareholders may direct the Board to remove the Manager and appoint a successor Manager. The Manager shall provide notice to the Board of any material breach of the Management Agreement, and the Board is entitled to rely solely on the Manager’s notice without independent investigation.

The Management Agreement may be terminated by the Board immediately in the event of the commission by the Manager of any fraudulent act and the Management Agreement shall be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors or ceases to be resident in Canada for purposes of the Tax Act.

The Manager may resign if the Corporation is in breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured within 30 days' notice of such breach or default to the Corporation.

Other than as stated above, the Management Agreement may not be terminated by the Corporation.

Duties and Obligations of the Manager

Under the Management Agreement, the Manager is responsible for both managerial and administrative duties, as listed below. Under the supervision of the Board, the Manager has authority to direct the business operations and affairs of, and manage the day-to-day activities of, the Corporation. The Manager is required to provide mortgage investment and management services to the Corporation, including but not limited to:

- (1) Corporation administration and management services;
 - (a) authorize the payment of operating expenses incurred on behalf of the Corporation;
 - (b) recommend to the Board the amount of distributions to be made by the Corporation to its Shareholders;
 - (c) appoint, supervise and remove such third party service providers and any replacements upon such terms as the Manager shall determine appropriate;
 - (d) ensuring the organization of meetings of Shareholders;
 - (e) at the Board's request, provide a representative to attend meetings of the Board;
 - (f) be responsible for all capital market activities, including all activities in relation to the offering of Class A Shares of the Corporation in accordance with the applicable provisions of the Corporation's offering documents and articles and by-laws and the laws of all relevant and applicable jurisdictions;
 - (g) co-ordinate preparation and delivery to Shareholders of financial statements and other continuous disclosure documents and reports as are required by applicable law from time to time, and determine the NAV and NAV per Share of the Corporation in accordance with the articles and by-laws of the Corporation, from time to time and at such times as specified in the articles and by-laws of the Corporation or as may otherwise be required by applicable laws, and engage third party valuers to report on the NAV as deemed necessary and coordinate and take all necessary actions in relation to communication with the Shareholders and management of the Corporation;
 - (h) make recommendations to the Board regarding borrowing and leverage strategies for the Corporation, and upon approval of such strategies by the Board, take steps and actions necessary to implement such strategies;

- (i) do all such acts, take all such proceedings, execute all such documents and exercise all such rights and privileges, although not specifically mentioned here, as the Manager may deem necessary to administer the Corporation and its affairs and to carry out the purposes of the Corporation in order for the Corporation to seek to achieve its investment objectives;
 - (j) maintain proper books, accounts and records of the Corporation and its portfolio;
 - (k) provide employees having the requisite experience and skill to perform the obligations of the Manager under the Management Agreement;
 - (l) monitor regularly on an ongoing basis the Corporation's compliance with applicable laws and regulatory requirements and with the requirement under the Tax Act to qualify as a "mortgage investment corporation" thereunder;
 - (m) prepare the Corporation's reports to Shareholders and the Canadian securities regulatory authorities; and
 - (n) negotiate contractual arrangements with third-party providers of services, including registrars, transfer agents, auditors and printers.
- (2) Mortgage administration and management services:
- (a) actively and regularly evaluate loans in the context of the Investment Guidelines of the Corporation and for compliance with the Investment Guidelines;
 - (b) provide assistance to the Corporation with respect to the ongoing evaluation and, as required, adjustments of the Investment Guidelines;
 - (c) provide those services as may be required to collect, handle, prosecute or settle any claims of the Corporation with respect to the Mortgage Portfolio;
 - (d) provide office space, office furnishings and equipment and personnel having the requisite experience and skill for the performance of its services;
 - (e) deliver to the Corporation, reports as requested with respect to the Mortgage Portfolio as may be requested by the Board;
 - (f) such other matters, services or acts as shall be reasonably necessary or ancillary to the matters set out above or as the Corporation may from time to time reasonably request;
 - (g) once determined to meet the Investment Guidelines, perform due diligence on the assets underlying a mortgage investment, including, but not limited to, obtaining structural reports (where necessary), environmental reports, appraisals, quantitative surveyor or architects certificates, title insurance and, to the extent possible, operating statements, as required for each investment opportunity;
 - (h) present to the Board, together with a due diligence report, mortgage loan investments that are determined to be satisfactory by the Manager upon completion of its due diligence and that meet the requirements of the Investment Guidelines or are otherwise considered worthy of consideration due to their particularly attractive features;

- (i) present any extensions or modifications to loans that were previously approved to the Board for approval;
- (j) supervise the day-to-day affairs and administration of mortgages in the Mortgage portfolio and maintain proper books of accounts and records for the Corporation in connection with each Mortgage in the Mortgage Portfolio;
- (k) oversee the servicing (which includes, but is not limited to, collecting monthly payments, managing property tax and other escrow accounts, regularly remitting to the Corporation interest and other income collected and monitoring the status of mortgages) (“**Servicing**”) of all mortgages in the Mortgage Portfolio and monitor the status of all mortgages and respond to any potential issues as they may arise; and
- (l) ensure, where the Corporation is a participant in a syndicated mortgage and another Person in such syndicated mortgage acts as the mortgage servicing agent (“**Servicing Agent**”) to provide Servicing, that the Servicing Agent appointed to administer an individual mortgage is licensed in accordance with the requirements of the Mortgage Broker Legislation or other applicable legislation.

In executing the foregoing duties of the Manager as listed in the Management Agreement, the Manager at its sole, absolute unfettered discretion, may contract out any such duties to any third party with the written consent of the Board.

The Manager is obligated to exercise its powers and discharge its duties under the Management Agreement honestly and in good faith and in the best interest of the Corporation. In connection therewith, the Manager must also exercise the degree of care, diligent and skill that a reasonable prudent person would exercise in the same circumstances.

Compensation of the Manager

The Management Agreement provides that the Manager will be paid a management fee of 1.95% per annum of the gross assets that are invested in the Mortgage Portfolio at the end of each month, paid monthly in arrears, plus applicable taxes. The Manager shall also be entitled to an annual incentive fee in any calendar year equal to 70% of any income generated from the Mortgage Portfolio in excess of the Target Dividend (described below) on an annualized basis, plus applicable taxes (the “**Incentive Fee**”). The Manager reserves the right to waive the Incentive Fee at its discretion. The Manager shall also be entitled to lender, renewal extension, discharge, NSF, and administration fees (“**Lender/Administration Fees**”) generated on the mortgages in the Mortgage Portfolio.

Payment of Fees and Expenses

Under the Management Agreement, the Manager is responsible for all of its costs and operating expenses other than reimbursable expenses set out below.

The Corporation shall reimburse the Manager for all reasonable costs and expenses incurred in connection with its duties as Manager, including, without limitation:

- (a) financial reporting costs, and mailing and printing expenses to Shareholders and other security-holder communications including marketing and advertising expenses;
- (b) any taxes payable by the Corporation;

- (c) any fees payable to the transfer agent or custodian(s) of the Corporation;
- (d) costs and fees payable to any agent, legal counsel, investment counsel, actuary, valuator, accountant, auditor or other third-party service provider to the Corporation;
- (e) ongoing regulatory filing fees, licencing and other fees of the Corporation;
- (f) any expenses incurred in connection with any legal proceedings in which the Manager participates on behalf of the Corporation or any other acts of the Manager or any other agent of the Corporation in connection with the maintenance or protection of the property of the Company, including without limitation costs associated with the enforcement of mortgage loans;
- (g) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Corporation; and
- (h) other administrative expenses of the Corporation (including the calculation of NAV).

The Corporation will also be responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service, commitment fees and costs relating to any credit facilities, insurance premiums and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable.

Without regard to the amount of compensation received under the Management Agreement by the Manager, the Manager shall bear the following expenses:

- (a) all salaries, wages and other expenses of employees of the Manager;
- (b) rent payable for office space used by the Manager and utilities, office furniture and equipment for such office space;
- (c) telephone and other communication costs, travel expenses unrelated to the investment activities of the Corporation, office supplies and services, general administrative expenses and other expenses that are customarily considered to be overhead expenses; and
- (d) all costs and fees associated with maintaining and complying with the registration requirements of applicable provincial securities legislation.

Indemnity

The Corporation and their respective officers, directors, security-holders, employees and agents (each, a “**Manager Indemnitee**”, and collectively the “**Manager Indemnitees**”) shall be indemnified by the Manager to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Corporation and reasonable attorney fees and disbursements) suffered or sustained by any of the Manager Indemnitees by reason of any acts or omissions or alleged acts or omissions of the Manager which constitute wilful misconduct, bad faith, negligence, breach of its standard of care owed under the Management Agreement or material breach or default of its obligations under the Management Agreement, including but not limited to any judgment, award, settlement, reasonable attorneys’ fees and disbursements and other costs or expenses incurred in connection with the defence of any Claim. A Manager Indemnitee shall not consent to entry of any judgment, or enter into any settlement without the prior approval of the Manager, which approval shall not be unreasonably withheld.

The Manager and its directors, officers, employees, consultants and agents (each, a “**Corporate Indemnity**”, and collectively, the “**Corporate Indemnitees**”) shall be indemnified and reimbursed by the Corporation out of the Portfolio to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Corporation and reasonable attorney fees and disbursements) reasonably incurred in connection with such Corporate Indemnity being or having been the Manager, or a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such Corporate Indemnity may hereafter be made a party by reason of being or having been the Manager or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the Corporate Indemnity’s wilful misconduct, bad faith, negligence, breach of its duties or the standard of care, diligence and skill prescribed by Article 6, or material breach or default of the Manager’s obligations under the Management Agreement. A Corporate Indemnity shall not be entitled to satisfy any right of indemnity or reimbursement granted herein, or otherwise existing under law, except out of the Mortgage Portfolio, and no Shareholder or other Person shall be personally liable to any person with respect to any claim for such indemnity or reimbursement as aforesaid.

The Manager may assign the Management Agreement to any party with the approval of the Voting Shareholders by an Ordinary Resolution approved at a meeting duly called for such purpose, provided that any assignment of the Management Agreement by the Manager to an affiliate shall not require Voting Shareholder approval.

The Manager and the Corporation are Related Parties

The Manager is not at arm’s length with the Corporation. Bogdan Muzychka is the President, Treasurer, Secretary and the sole director of the Manager as well as the President and Secretary and a director and voting shareholder of the Corporation. All of the outstanding shares of the Manager are held indirectly by Mr. Muzychka’s family trust.. See Item 10 “Risk Factors – Conflicts of Interest”.

Mortgage Broker

The Corporation will use licensed Mortgage Brokers to originate, provide due diligence, structure and advance the Corporation’s Mortgage investments. The Mortgage Brokers will generally provide the following services:

- a) seek out, evaluate and originate Mortgage investment opportunities for the Corporation;
- b) originate, perform due diligence on the assets underlying each Mortgage investment opportunity as required including, but not limited to, obtaining structural reports (where necessary), environmental reports, appraisals, surveyor or architects certificates, title insurance and, to the extent possible, operating statements and, when requested, provide the Corporation and the Manager with all necessary information relating to such Mortgage investment opportunity;
- c) investigate, select and conduct relations with leasing agents, realtors, real estate agents, brokers, consultants, borrowers, lenders, finders, mortgagees, mortgage loan originators, property appraisers, property consultants, counsel, underwriters, escrow agents, depositaries, custodians, agents for collection, bailiffs, insurers, insurance agents, banks, architects, engineers, planners, contractors and developers; and
- d) such other matters, services or acts as shall be reasonably necessary or ancillary to the matters set out above or as the Corporation or the Manager may from time to time reasonably request.

The Mortgage Broker shall be entitled to receive broker fees generated on the Mortgage investments it arranges for the Corporation. Such fees are generally paid by the borrower and shall be consistent with the typical market fees for the industry. In addition, the Manager may from time to time split a portion of the Lender/Administration Fees (including penalty charges) it receives from Mortgage investments arranged by the Mortgage Broker with the Mortgage Broker. The Corporation will generally be responsible for paying expenses it incurs or the Mortgage Broker incurs on the Corporation's behalf in connection with the services of the Mortgage Broker (excluding wages, rent payable for space used by the Mortgage Broker, telephone and other communication costs and travel expenses, and all costs associated with maintaining and complying with licensing requirements). Benson Mortgages Corp., a mortgage broker licensed in the Province of Ontario, provides mortgage brokerage services to the Corporation. Benson Mortgages Corp. is controlled by a person related to Bogdan Muzychka.

2.3 Development of the Business

The Corporation was incorporated on November 24, 2014. Since its incorporation, the Corporation has raised an aggregate of \$23.5 million and, as of June 30, 2023, has 52 shareholders.

As at December 31, 2022, the Corporation loan under management was \$12,993,000 as follows:

First Mortgages			Second Mortgages			Third Mortgages		
No.	Percent of Portfolio Holdings	Principal	No.	Percent of Portfolio Holdings	Principal	No.	Percent of Portfolio Holdings	Principal
10	53.92%	\$7,006,000	14	43.65%	\$5,671,000	2	2.43%	\$316,000

As at the date of this Offering Memorandum, the Corporation holds 22 mortgages as security for loans in the province of Ontario, totaling over \$10,724,310 as follows:

First Mortgages			Second Mortgages			Third Mortgages		
No.	Percent of Portfolio Holdings	Principal	No.	Percent of Portfolio Holdings	Principal	No.	Percent of Portfolio Holdings	Principal
8	47.82%	\$5,127,900	12	49.24%	\$5,280,410	2	2.95%	\$316,000

The loan to value ratio of the property secured by the Mortgages varies. Most of the loans are secured by mortgages on residential properties, although the Corporation does, from time to time, make loans secured by mortgages on commercial and development properties and on undeveloped land.

As of the date of this Offering Memorandum, the Corporation does not hold any mortgages in foreclosure proceedings or which are delinquent or impaired. Mortgages classified as delinquent are mortgages for which interest and principal payments are at least 90 days in arrears. Mortgages classified as impaired include mortgages for which the underlying security is considered inadequate to recover all costs. Estimated realizable amounts are determined by the estimated fair market value of the security

after deducting estimated costs of realization. Management periodically reviews the portfolio, and assesses the possibility of future losses, and if need arises will add loan impairment provision.

The impairment of the mortgages noted above is based on valuations by appraisers accredited by professional institutes with recent experience in the location of the property being valued and by direct sales comparisons where the fair value is based on comparisons to recent sales of properties of similar types, locations and quality.

As of the date of this Offering Memorandum, the environment in which the Issuer carries on activities, including lending and mortgages, face continued uncertainty created by rising inflation and interest rates, along with the lingering effects of COVID. These factors may impact the Issuer's investment portfolio during 2023. To date, management of the Issuer has determined that adjustments to the financial statements are not required as a result of these events. Management will continue to monitor these matters and their impact on the development and financial conditions of the Corporation. During the Corporation's two most recently completed financial years there have not been any other unusual events or conditions that have favorably, or adversely, influenced the development of the Corporation's business.

Portfolio Summary

The following is a summary of the mortgages held by the Corporation as at December 31, 2022.

Item	Value
(a) The average of the interest rates payable under the mortgages, weighted by the principal amount of the mortgages	9.52%
(b) The average of the terms to maturity of the mortgages, weighted by the principal amount of the mortgages	4.5 months
(c) The average loan-to-value ratio of the mortgages, calculated for each mortgage by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property, weighted by the principal amount of each mortgage	70.25%
(d) The principal amount, and the percentage of the total principal amount of the mortgages, that rank in the following:	
(i) first priority	\$7,006,000 or 53.92%
(ii) second priority	\$5,671,000 or 43.65%
(iii) third or lower priority	\$316,000 or 2.43%
(e) The principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each jurisdiction of Canada, each state or	\$12,993,000 or 100% in Ontario

territory of the United States of America and each other foreign jurisdiction	
(f) A breakdown by property type, and the principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each property type	Residential property: \$11,163,000 or 85.9%; Commercial property: \$1,830,000 or 14.1%
(g) With respect to mortgages that will mature prior to June 30, 2023, the percentage that those mortgages represent of the total principal amount of the mortgages	54.77%
(h) With respect to mortgages with payments more than 90 days overdue, the number of those mortgages, the principal amount of those mortgages, and the percentage that those mortgages represent of the total principal amount of the mortgages	None
(i) With respect to mortgages that have an impaired value, the principal amount and the percentage that those mortgages represent of the total principal amount of the mortgages	None
(j) For any mortgages that are not impaired or in default, but for which the issuer has made accommodations to respond to financial difficulties of the borrower, if the accommodations would be material to a reasonable investor, a summary of the accommodations, and the principal amount and the percentage that those mortgages represent of the total principal amount of the mortgages	None
(k) If known by the Corporation, or if reasonably available to the Corporation, the average credit score of the borrowers, weighted by the principal amount of the mortgages	738
(l) If a mortgage comprises 10% or more of the total principal amount of all the mortgages held by the Corporation:	Two mortgages in the Corporation's portfolio represent 10% or more of the total principal amount of all the mortgages held by the Corporation.

(i) the principal amount and the percentage of the total principal amount of the mortgages	\$1,716,000 or 13.21% \$1,550,000 or 11.93%
(ii) the interest rate payable	8.99% 8.99%
(iii) the term to maturity	6 month 6 month
(iv) the loan-to-value ratio, calculated by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property	71.4% 77.7%
whether the mortgage ranks in first, second, or third or lower priority	1st 1st
(vi) the property type	Residential Commercial
(vii) where the property is located	Ontario Ontario
(viii) any payment that is more than 90 days overdue	None
(ix) any impairment of the mortgage	None
(x) if known by the issuer, or if reasonably available to the issuer, the credit score of each borrower	720 637

Portfolio Performance

The average return which the Shareholders receive on their investment in shares of the Corporation is determined annually by the Corporation's auditor as at the Corporation's financial year end of December 31. The effective annual yield on adjusted share capital for the Shareholders since incorporation is set out in the following table.

Form of Dividends	2022	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾
Cash ⁽²⁾	8.50%	8.50%	8.50%	8.50%	8.00%	7.50%	7.50%	N/A

(1) Represents the period from formation on November 24, 2014 to December 31, 2015. No Class A Shares were issued during this time.

(2) All dividends were paid in cash during the above noted periods and were not reinvested. The return is calculated by dividing the dividends paid per Class A Share by the cost of the Class A Shares outstanding.

(3) The returns are computed based on the \$10.00 issue price of the Class A Shares. The value of the mortgages in the Corporation's portfolio is determined initially at fair value plus any directly attributable transaction costs. Subsequent measurement of mortgages is at amortized cost using the effective interest method, less any impairment losses.

All of the Corporation's cash distributions for the financial years shown above were, and the Corporation expects future distributions to continue to be, funded from the Corporation's operating activities and related proceeds, and none were funded from bank borrowings, share subscriptions from the

Corporation's investors or other sources. The rates shown are net of all management fees, incentive fees and operating expenses incurred by the Corporation.

There is no guarantee that such rates of return will continue or that investors will receive similar returns in future years. The factors which affect the rate of return are described in *Item 10 "Risk Factors"*.

The following is a description of the methodology used with respect to the following: (a) determining the value of the Mortgage Portfolio; and (b) calculating the performance data above.

Ongoing Disclosure

The Corporation provides quarterly reports to investors that includes information about the mortgage portfolio and investment performance.

2.4 Long-Term Objectives

The Corporation's objective is to continue to develop its business by raising capital and investing substantially in mortgages secured by Real Property located in Canada. The Corporation will continue to focus on diversifying risk while generating a yield substantially higher than an investor could achieve from traditional bank sources.

Benson anticipates paying a dividend (the "**Target Dividend**") on the Class A Shares of approximately 8.5% of the NAV per Share on an annualized basis. Dividends are expected to be paid quarterly. All dividends declared will be paid on a pro rata basis to each person who is a Shareholder as of the close of business on the date of the dividend declaration. In the event that Benson increases or decreases the Target Dividend, it shall provide 90 days' notice to Shareholders.

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

2.5 Short-Term Objectives

The Corporation's objectives for the next 12 months are:

- a) to raise additional capital to enhance the operating efficiency of the Corporation in conjunction with its long term objectives;
- b) to source appropriate lending opportunities by expanding the lending territory of the Corporation to other provinces in Canada; and
- c) to maintain and to deliver a target net rate of return to Shareholders of 8.5% per annum.

The Corporation intends to meet those objectives for the next 12 months as set out in the following table.

Actions to be taken	Target completion date or, number of months to complete	Cost to complete
Continue to raise additional capital to enhance the operating efficiency of the Corporation in conjunction with its long-term objectives.	Ongoing	\$40,000 ⁽¹⁾

(1) This figure reflects estimated costs of the Offering including legal, audit and other professional services. In addition, the Corporation may pay registered dealers a commission of up to 3% of capital raised.

2.6 Insufficient Funds

There is no assurance that (i) a sufficient number of additional Class A Shares will be sold pursuant to this Offering, (ii) the proceeds of the Offering, if any, will be sufficient to accomplish the Corporation's proposed objectives, or (iii) alternative financing, if required, will be available. If an insufficient number of additional Class A Shares are sold pursuant to the Offering, the Corporation intends to continue to use the Corporation's existing capital and cash flows to carry on the Corporation's business.

2.7 Additional Disclosure for Issuers Without Significant Revenue

Not applicable.

2.8 Material Contracts

The Corporation is a party to the following material contract:

- a) Management Agreement dated January 1, 2018 with Benson Management Corp. *See Item 2.2 "The Business"*.

2.9 Related Party Transactions

Not applicable.

ITEM 3 – COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

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

Full Legal Name and Place of Residence	Positions Held or Relationship to the Corporation & Date of Appointment	Compensation paid by the Corporation or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year	Number, Type & Percentage of the Corporation's Shares Held⁽¹⁾ after Completion of Maximum Offering⁽²⁾
Bogdan Muzychka, King City, ON	President, Secretary & Director November 24, 2014	Nil ⁽³⁾	25 Voting Shares 38,611 Class A Shares
Gleb Muzychka, Brechin, ON	Director November 24, 2014	Nil ⁽³⁾	25 Voting Shares 4,517 Class A Shares
Xiaolong Li, Scarborough, ON	Chief Financial Officer August 1, 2017	Nil ⁽³⁾	25 Voting Shares
Jin Zhang, Richmond Hill, ON	Compliance Officer June 30, 2016	Nil ⁽³⁾	25 Voting Shares
Benson Management Corp. ⁽⁴⁾	Promoter	\$41,397 (2022) Nil (2023)	Nil

Notes:

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

(2) The information as to securities beneficially owned as at the date hereof has been confirmed by the holders thereof.

(3) These individuals do not receive compensation from the Corporation or a related person in their capacity as directors and/or officers of the Corporation. Bogdan Muzychka, Jin Zhang and Gleb Muzychka receive compensation from Benson Mortgages Corp. a licensed mortgage brokerage in their capacity as mortgage brokers. Benson Mortgages Corp. acts as a mortgage broker for mortgages in the Corporation's portfolio. Xiaolong Li receives compensation from the Manager for services performed for the Manager.

(4) Benson Management Corporation is entitled to management fees and may receive incentive fees from the Corporation as described under "Compensation of the Manager". The Corporation expects that Benson Management Corporation will waive its entitlement to management fees in for the 2023 financial year.

3.2 Management Experience

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

Full Legal Name & Position	Principal occupation and description of experience associated with the occupation.
Bogdan Muzychka President, Secretary & Director	Bogdan Muzychka is a registered mortgage broker in the province of Ontario (Benson Mortgages Corp.) with 21 years of experience in the mortgage and real estate industry. In addition, Bogdan Muzychka is the President and the sole Director of Benson Management Corp.
Gleb Muzychka Director	Gleb Muzychka is currently a registered mortgage agent (Benson Mortgages Corp.) in the province of Ontario with 21 years of experience in the mortgage and real estate industry.
Jin Zhang – Compliance Officer	Jin Zhang is a registered mortgage broker in the province of

	Ontario with 9 years of experience in this role.
Xiaolong Li Chief Financial Officer	Xiaolong Li is a Chartered Professional Accountant, with over 15 years of financial management experience and the Financial Controller of Benson Management Corp.

3.2.1 Other Persons

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

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

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

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

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

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

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

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

3.4 Certain Loans

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

ITEM 4 - CAPITAL STRUCTURE

4.1 Securities Except for Debt Securities

The following table sets forth the issued and outstanding Shares of the Corporation after giving effect to the Maximum Offering.

Description of Security ⁽¹⁾	Number Authorized	Price per Share	Number issued and outstanding as at July 27, 2023	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering ⁽²⁾
Voting Shares	Unlimited	10	100	100	100
Class A Shares	Unlimited	10	1,392,613	1,392,613	3,392,613

Notes:

(1) There are no options, warrants or other Shares convertible into Voting Shares or Class A Shares. Holders of Voting Shares are entitled to receive notice of and to vote at all meetings of shareholders of the Corporation (except where holders of a specified class are entitled to vote separately). Holders of Voting Shares are entitled to receive distributions as and when declared by the Board and are redeemable and retractable at a price of \$1.00 per share. In the event of liquidation, dissolution or winding-up of the Corporation, Voting Shares rank equally with each other and subsequent to the Class A Shares.

(2) Assuming maximum offering of \$20,000,000.

4.2 Long Term Debt

The Corporation has no long term debt outstanding.

4.3 Prior Sales

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

Event Date	Type of Security	Price per Security	Number of Securities Issued	Total Funds received	Number of Securities retracted	Retraction Proceeds Paid
2022/08/05	Class A	\$ 10.00	57,000	\$ 570,000		
2022/08/05	Class A	\$ 10.00	50,000	\$ 500,000		
2022/08/08	Class A	\$ 10.00			7,000	\$ 70,000
2022/08/24	Class A	\$ 10.00			3,000	\$ 30,000
2022/09/12	Class A	\$ 10.00	20,000	\$ 200,000		
2022/09/19	Class A	\$ 10.00			4,900	\$ 49,000
2022/10/06	Class A	\$ 10.00			10,000	\$ 100,000
2022/10/07	Class A	\$ 10.00			10,000	\$ 100,000
2022/11/03	Class A	\$ 10.00	20,000	\$ 200,000		
2022/11/10	Class A	\$ 10.00	3,000	\$ 30,000		
2022/12/08	Class A	\$ 10.00			3,000	\$ 30,000
2022/12/09	Class A	\$ 10.00			10,000	\$ 100,000
2022/12/14	Class A	\$ 10.00	20,000	\$ 200,000		
2022/12/15	Class A	\$ 10.00			37,500	\$ 375,000
2023/01/01	Class A	\$ 10.00			30,000	\$ 300,000
2023/01/01	Class A	\$ 10.00			10,000	\$ 100,000
2023/01/01	Class A	\$ 10.00			10,000	\$ 100,000
2023/01/01	Class A	\$ 10.00			30,000	\$ 300,000
2023/01/10	Class A	\$ 10.00			37,500	\$ 375,000
2023/01/11	Class A	\$ 10.00			10,000	\$ 100,000
2023/02/02	Class A	\$ 10.00			2,000	\$ 20,000
2023/02/27	Class A	\$ 10.00			3,000	\$ 30,000
2023/03/10	Class A	\$ 10.00	32,500	\$ 325,000		
2023/03/10	Class A	\$ 10.00	30,000	\$ 300,000		
2023/03/10	Class A	\$ 10.00	3,150	\$ 31,500		
2023/03/10	Class A	\$ 10.00	3,150	\$ 31,500		
2023/04/01	Class A	\$ 10.00			10,000	\$ 100,000
2023/04/11	Class A	\$ 10.00			10,000	\$ 100,000
2023/04/11	Class A	\$ 10.00			10,000	\$ 100,000
2023/04/11	Class A	\$ 10.00			30,000	\$ 300,000
2023/04/27	Class A	\$ 10.00			3,000	\$ 30,000
2023/04/27	Class A	\$ 10.00			35,000	\$ 350,000
2023/05/01	Class A	\$ 10.00			6,350	\$ 63,500
2023/05/01	Class A	\$ 10.00			6,350	\$ 63,500
2023/05/01	Class A	\$ 10.00			1,200	\$ 12,000
2023/05/01	Class A	\$ 10.00			1,200	\$ 12,000
2023/06/01	Class A	\$ 10.00	4,000	\$ 40,000		
2023/06/01	Class A	\$ 10.00	10,000	\$ 100,000		
2023/06/09	Class A	\$ 10.00	2,370	\$ 23,700		
2023/06/09	Class A	\$ 10.00	630	\$ 6,300		
2023/06/09	Class A	\$ 10.00	620	\$ 6,200		
2023/06/09	Class A	\$ 10.00	1,070	\$ 10,700		
2023/06/09	Class A	\$ 10.00	320	\$ 3,200		
2023/06/09	Class A	\$ 10.00	610	\$ 6,100		
2023/06/09	Class A	\$ 10.00	20,000	\$ 200,000		
2023/06/15	Class A	\$ 10.00	2,000	\$ 20,000		
2023/06/15	Class A	\$ 10.00	2,000	\$ 20,000		
2023/06/23	Class A	\$ 10.00			35,000	\$ 350,000
2023/06/23	Class A	\$ 10.00			10,000	\$ 100,000
2023/07/01	Class A	\$ 10.00			4,650	\$ 46,500
2023/07/01	Class A	\$ 10.00			618	\$ 6,180
2023/07/01	Class A	\$ 10.00			732	\$ 7,320
2023/07/01	Class A	\$ 10.00			4,650	\$ 46,500
2023/07/01	Class A	\$ 10.00			618	\$ 6,180
2023/07/01	Class A	\$ 10.00			732	\$ 7,320
2023/07/06	Class A	\$ 10.00	20,000	\$ 200,000		
2023/07/06	Class A	\$ 10.00			10,000	\$ 100,000
2023/07/11	Class A	\$ 10.00			8,000	\$ 80,000
2023/07/19	Class A	\$ 10.00			10,000	\$ 100,000

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

The Class A Shares being offered for sale by this Offering Memorandum are Class “A” Shares (a “**Class A Share**”) in the Corporation’s share capital. All of the Corporation’s Class A Shares issued to date are, and those issued pursuant to this Offering shall be, fully paid and non-assessable. The Class A Shares are issued at a price equal to the NAV per Share. To date the NAV per Share has been \$10.00 per Class A Share.

The Corporation is authorized to issue an unlimited number of Class A Shares, which have attached thereto the following rights, privileges, restrictions and conditions:

a) ***Priority***

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class A Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, the Class A Shares shall rank equally with each other and in priority to the Voting Shares and any other Shares of the Corporation ranking junior to the Class A Shares.

b) ***Voting Rights***

Other than with respect to fundamental changes as defined in the *Business Corporations Act* (Ontario) and subject to any applicable laws, the holders of the Class A Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of, the Shareholders of the Corporation.

c) ***Distributions***

Subject to the terms below, the holders of the Class A Shares shall be entitled to receive and the Corporation shall pay thereon distributions as and when declared from time to time by the Board on the Class A Shares, out of the assets of the Corporation properly applicable to the payment of distributions, in an amount determined by the directors of the Corporation in their absolute discretion.

Subject to the terms below, Distributions will be paid by electronic funds transfer.

The Board may, for fiscal planning or other tax efficiency reasons, in its discretion declare that an additional distribution will be payable to holders of Class A Shares of record on December 31. Each such additional distribution may be satisfied by the issuance of additional Class A Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such additional distribution in Class A Shares, the number of Class A Shares outstanding after the distribution will be consolidated such that each Shareholder will hold after the consolidation the same number of Class A Shares as the Shareholder held before the additional distribution. In such case, each certificate representing one or more Class A Shares prior to the distribution of additional Class A Shares shall be deemed to represent the same number of Class A Shares after the distribution of additional Class A Shares and consolidation.

If the Board determines that it is in the best interests of the Corporation, the Board may declare distributions payable in kind (including, but not limited to any assets of the Corporation) in an amount determined by the directors of the Corporation in their absolute discretion.

d) **Purchase for Cancellation**

The Corporation may at any time purchase Class A Shares for cancellation at a price per Class A Share not exceeding the net asset value per Class A Share most recently calculated prior to such purchase.

e) **Retraction**

A holder of Class A Shares shall be entitled to require the Corporation to retract at any time and from time to time all or any number of the Class A Shares registered in the name of such holder on the books of the Corporation on the last Business Day of June (an “**Annual Retraction Date**”) by providing a written retraction notice (the “**Retraction Notice**”) to the Manager at least 60 days in advance of the Annual Retraction Date. Class A Shares will be retracted at a price equal to the net asset value of the Class A Shares (the “**Retraction Price**”) which shall be paid within thirty (30) days of the date on which the Class A Shares are retracted. The Board may in its discretion permit retractions on other dates.

If such retraction would be contrary to any provisions of the *Securities Act* (Ontario) or any other applicable laws, would be contrary to the prior rights of the holders of any other shares of the Corporation or would directly or indirectly result in a holder of Class A Shares, together with a Related Person, holding greater than 25% of the Class A Shares, the Corporation shall be obligated to retract only the maximum number of Class A Shares that the Corporation determines it is then permitted to retract, such retractions to be made pro rata according to the number of Class A Shares requested by each such holder to be retracted by the Corporation.

The Corporation intends to seek approval from the Shareholders to amend the articles of incorporation to change the Annual Retraction Date to the last Business Day of the month following the anniversary of the issuance of the Class A Shares to the Shareholder and to permit the Corporation to suspend the right to retract Class A Shares in certain circumstances including where the Board is of the view that the liquidation of assets to fund retractions would be to the detriment of the MIC.

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

	Class A Shares
Number of Shares issued:	2,500
Date of issue:	September 1, 2021
Subscription Price:	\$25,000 (\$10/Share)
Date of holder Retraction Notice received:	March 31, 2023
Annual Retraction Date:	June 30, 2023
Net Asset Value on Redemption Date	\$25,000 (\$10/Unit)

¹The samples above assume that all distributions paid on the Shares retracted were paid in full in cash.

f) **Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), in priority to the Voting Shares, the holders of the Class A Shares shall be entitled to receive from the assets of the Corporation for each Class A Share an amount, in cash or property, equal to the pro rata portion of the NAV attributable to the Class A Shares. After payment to the holders of the Class A Shares

of the amounts so payable to them, the holders of the Class A Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

g) ***No Fractions***

The Corporation may not issue fractions of Class A Shares.

h) ***Tax Act Requirements***

The Tax Act stipulates that to qualify as a MIC, a corporation must have at least twenty (20) shareholders and no shareholder may be a Specified Shareholder, as such term is defined in subsection 248(1) of the Tax Act, of the Corporation. The Tax Act states that a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four (4) shareholders for purposes of determining the number of shareholders and one shareholder for purposes of determining if a shareholder is a Specified Shareholder.

The Corporation's articles provide that in the event the Board determines that any transaction affecting the Class A Shares if completed would cause any holders of Class A Shares, together with Related Persons, to hold more than 25% of the Class A Shares, that portion of such Class A Shares held by each such shareholder which constitutes in excess of 24.9% of the issued Class A Shares will automatically be deemed to have been repurchased by the Corporation at a price equal to the net asset value per Class A Share in effect on the date of the triggering transaction, less any costs associated with such purchase. The proceeds of any such automatic repurchase will be remitted within 60 days following the date of the triggering transaction.

i) ***Restrictions on Ownership of Shares***

The Corporation's articles provide that in the event the Board determines that any transaction affecting the Class A Shares if completed would cause any holders of Class A Shares, together with Related Persons, to hold more than 25% of the Class A Shares, that portion of such Class A Shares held by each such shareholder which constitutes in excess of 24.9% of the issued Class A Shares will, simultaneously with the completion of the transaction, automatically be deemed to have been repurchased by the Corporation at a price equal to the net asset value per Class A Share in effect on the date of the triggering transaction, less any costs associated with such purchase. The proceeds of any such automatic repurchase will be remitted within 60 days following the date of the triggering transaction.

DIVIDEND REINVESTMENT PLAN

The Corporation, subject to maintaining the status of the Corporation as a MIC under the Tax Act, intends to establish a dividend reinvestment and share purchase plan (the "**DRIP**") on or around September 1, 2021. Under the DRIP, Shareholders will be able to reinvest dividends received from the Corporation in additional Class A Share of the Corporation.

The Corporation and the Manager will administer all aspects of the DRIP.

a) **Eligibility**

Once the DRIP is operational, all Class A shareholders will be eligible to participate in the DRIP by completing an enrolment form in the form provided by the Corporation and returning it to the Corporation (a "**DRIP Participant**") a minimum of ten days prior to the Investment Date (defined

below). Any Shareholder who wishes to participate in the DRIP may enroll their Class A Shares in the DRIP.

b) Features

Under the DRIP, a DRIP Participant may purchase additional Class A Shares with the cash distributions paid on the Class A Shares which are registered in the name of or in trust for the DRIP Participant. The price at which Class A Shares will be issued from treasury under the DRIP will be calculated by reference to the DRIP Class A Share Price. No commissions, service charges or brokerage fees are payable by DRIP Participants in connection with the DRIP.

Distributions in respect of Class A Shares purchased under the DRIP will be credited to a DRIP Participant's account and will be automatically invested under the DRIP in additional Class A Shares until such time as the DRIP Participant's participation in the DRIP is terminated.

The Corporation shall determine the number of Class A Shares available to be issued under the DRIP at any time.

c) Investment Date

Dividends will be calculated, paid and reinvested in Class A Shares as and when declared by the Board. The payment of a dividend, and the payment date (the "**Investment Date**"), will be determined by Board in its sole discretion.

d) Cost and Attributes of Class A Shares Purchased under the DRIP

Class A Shares will be purchased at the DRIP Class A Share Price and issued from the treasury of the Corporation. The Corporation will use the cash dividends attributable to a DRIP Participant to purchase additional Class A Shares on behalf of the DRIP Participant. All Class A Shares acquired through the DRIP will be credited to the DRIP Participant's account. Class A Shares issued pursuant to the DRIP will be recorded in book-entry form or through digital or physical certificates. There will be no fractional Class A Shares issued by the Corporation under the DRIP. Residual cash dividends, which are not used to purchase additional Class A Shares, will be credited to the account of the DRIP Participant. There will be no brokerage or administration fees charged by the Corporation or the Manager for participation in the DRIP. A Shareholder may elect to purchase additional Class A Shares at the same subscription price and at the same time as they acquire Class A Shares under the DRIP.

e) Transaction Statements

Transaction statements will be sent or otherwise made available to Shareholders at least quarterly. The transaction statements will show the Class A Shares purchased under the DRIP and should be retained for income tax purposes. The Corporation will also report to DRIP Participants on an annual basis any required information for income tax purposes with regard to all dividends paid to each DRIP Participant.

f) Termination of Participation in the DRIP

Participation in the DRIP can be terminated by a DRIP Participant at any time by giving written notice to the Corporation. Any written notice received within ten business days before an Investment Date may not be effective until after such Investment Date.

g) Liabilities of the Corporation and Manager for the DRIP

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

h) Amendments to the DRIP 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 Class A shareholders. The Corporation and the Manager may make rules and regulations not inconsistent with the terms of the DRIP in order to improve the administration of the DRIP.

i) Tax Consequences

The reinvestment of dividends does not relieve an investor of liability for tax on those dividends. Shareholders who intend to participate in the DRIP should consult their tax advisers about the tax consequences that might result from their participation in the DRIP.

5.2 Subscription Procedure

Subscribers who wish to subscribe for the Corporation's Class A Shares will be required to enter into a Subscription Agreement with the Corporation by completing and delivering the applicable Subscription Agreement and related documentation to the Corporation. The Subscription Agreement contains, among other things, representations and warranties required to be made by the Subscriber that it is duly authorized to purchase the Class A Shares, that it is purchasing Class A Shares for investment and not with a view for resale, and as to its corporate state or other qualifications to purchase Class A Shares on a "private placement" basis.

Class A Shares may be subscribed for by delivering the following documents to us at the address shown in the Subscription Agreement:

- (i) completed and executed Subscription Agreement and all applicable Schedules attached thereto in the form provided with this Offering Memorandum;
- (ii) certified cheque, bank draft, money order or wire transfer payable to "Benson Mortgage Investment Corporation" in the amount of the subscription price for the Class A Shares;
- (iii) in the case of an investor that is relying on the offering memorandum exemption to purchase Class A Shares:
 - (a) a completed and executed Form 45-106F4 – Risk Acknowledgement, attached as Exhibit A to Schedule "A" of the Subscription Agreement;
 - (b) a completed and executed Schedule I to Form 45-106F4, attached as Schedule 1 in Exhibit B to Schedule "A" of the Subscription Agreement; and
 - (c) a completed and executed Schedule II to Form 45-106F4, attached as Schedule 2 in Exhibit B to Schedule "A" of the Subscription Agreement;

- (iv) in the case of an investor that is relying on the accredited investor exemption to purchase Class A Shares, a completed and executed Certificate of Accredited Investor attached to the Subscription Agreement as Schedule “A” and, as applicable, a completed and executed Form 45-106F9 – *Risk Acknowledgement for Individual Accredited Investors* attached to the Subscription Agreement as Schedule “B”; or
- (v) in the case of an investor that is relying on another prospectus exemption, such other documentation as may be specified in the Subscription Agreement or required by the Corporation.

Class A Shares are being offered on a continuous basis. A Closing under this Offering shall occur on the first of each month or on such dates and times as may be determined by the Corporation. All subscription proceeds will be held in trust until 11:59 pm on the second business day after the day the Subscriber signs the applicable Subscription Agreement. In the event that the Subscriber provides the Corporation with a cancellation notice prior to 11:59 pm of the second business day after the signing date, or the Corporation does not accept a Subscriber’s subscription, all subscription proceeds will be promptly returned to the Subscriber without interest or deduction.

In the event that this Offering is terminated prior to Closing, the proceeds received from each Subscriber shall be returned to such Subscriber without interest or deduction.

Subscriptions for Class A Shares will be received subject to rejection or allotment in whole or in part by the Corporation and the Corporation reserves the right to close the subscription books at any time without notice. A subscription for Class A Shares hereunder is subject to acceptance of a subscription agreement by the Corporation and compliance with applicable securities laws. The Subscription Agreement referred to herein contains representations and warranties of the Subscriber, which the Corporation will be relying upon in order to determine the eligibility of the Subscriber.

To comply with the requirements applicable to MICs, no one investor (together with his or her spouse, children under the age of 18 and companies controlled by any of them) may subscribe for, or otherwise hold, more than 25% of the outstanding Class A Shares, as determined in the sole discretion of Benson.

The Subscriber should carefully review the terms of the Subscription Agreement provided along with this Offering Memorandum for more detailed information concerning the rights and obligations applicable to the Subscriber and the Corporation. Execution and delivery of the Subscription Agreement will bind the Subscriber to the terms thereof. The Subscriber should consult with his own professional advisors.

ITEM 6 - REPURCHASE REQUESTS

The following table sets out information about Class A Share retraction requests for each of the two most recently completed financial years:

Description of Security	Date of end of financial year	Number of securities with outstanding retraction requests on the first date of the year	Number of securities for which investors made retraction requests during the year	Number of securities retracted during the year	Average price paid for the retracted securities	Source of funds used to complete the retraction	Number of securities with outstanding retraction requests on the last date of the year
Class A Share	December 31, 2021	0	89,147	89,147	\$10	Cash in bank	0
Class A Share	December 31, 2022	50,000	205,400	205,400	\$10	Cash in bank	0

The following table sets out information about Class A Share retraction requests for the period after December 31, 2022 and up to July 27, 2023

Description of Security	Beginning and end dates of the period	Number of securities with outstanding retraction requests on the first date of the period	Number of securities for which investors made retraction requests during the period	Number of securities retracted during the period	Average price paid for the retracted securities	Source of funds used to complete the retraction	Number of securities with outstanding retraction requests on the last date of the period
Class A Share	January 1, 2023 to July 27, 2023	80,000	330,600	330,600	\$10	Cash in bank	0

With respect to the periods specified in the tables above, all retraction requests received were fulfilled.

ITEM 7 - CERTAIN DIVIDENDS OR DISTRIBUTION

In the two most recently completed financial years, the Corporation did not pay distributions that exceeded cash flow from operations. In April 2023, the Corporation paid dividends that exceeded cash flow from operations. The source of these payments was proceeds from mortgages discharged upon maturity.

ITEM 8 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

8.1 General Statement

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

8.2 Description of Income Tax Consequences

The following information has been prepared with assistance from the Corporation's auditor Yale PGC LLP.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, taking into account all proposed amendments to the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**") published in writing by it prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations, and, except for the Tax Proposals, does not otherwise take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, or in the administrative practices or assessing policies of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax laws or considerations, which may differ significantly from the tax considerations described herein. **The income and other tax consequences of acquiring, holding or disposing of Class A Shares will vary depending on the particular circumstances of the Subscriber thereof, including any province or territory in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder, and no representations with respect to the income tax consequences to any Subscriber or prospective Subscriber are made. Consequently, Subscribers and prospective Subscribers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Class A Shares having regard to their particular circumstances.**

a) *Tax Payable by the Corporation*

The Corporation is not a "public corporation" for purposes of the Tax Act. In general, a MIC does not pay income tax as long as it distributes its net income and any capital gains to its Shareholders within 90 days after each financial year end. When the Corporation's net income and any capital gains is distributed to a Shareholder, tax on that distribution is payable by the Shareholder as if the Shareholder had received interest income or capital gains.

b) *Tax Payable by Subscribers Resident in Canada*

This section of the summary applies to a Shareholder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act, deal's at arm's length with and is not affiliated with the Corporation and holds the Class A Shares as capital property (a "**Resident Shareholder**"). This section of the summary is not applicable to a Resident Shareholder: (i) that is a "financial institution" for purposes of the mark-to-market rules in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) that reports its "Canadian tax results" within the meaning of the Tax Act in a currency other than Canadian currency; or (iv) an interest in which is a "tax shelter investment" for the purposes of the Tax Act. Such Shareholders should consult their own tax advisors with respect to an investment in Class A Shares.

A Resident Shareholder whose Class A Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Class A Shares owned by such Resident Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Shareholders should

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

The Corporation intends to qualify as a MIC throughout its current taxation year and for all fixture taxation years. This summary assumes that the Corporation will qualify as a MIC at all times. Provided the Corporation qualifies as a MIC under the Tax Act throughout the taxation year, any dividends, other than capital gains dividends, paid by the Corporation during a taxation year or within 90 days thereafter to a Resident Shareholder will be deemed to be interest payable on a bond issued by the Corporation for purposes of the Tax Act.

Any amount received by a Resident Shareholder during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year, as a dividend which the MIC has declared as a capital gains dividend, will be deemed to be a capital gain for the Resident Shareholder from a disposition of capital property.

Where a Resident Shareholder is a "Canadian-controlled private corporation (CCPC)" (as defined in the Tax Act), capital gains dividends and ordinary dividends received on the Class A Shares will be subject to an additional tax, a portion of which could be refundable. The capital gain dividends and ordinary dividends received on the Class A Shares are generally classified as investment income by a resident corporation, and it may have the impact of reducing the Corporation's small business deduction. Please consult with your tax advisor regarding the potential tax implication of investments in a MIC by a Canadian corporation.

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

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Resident Shareholder in a taxation year must be included in computing such Resident Shareholder's income for that year, and one-half of any capital loss (an "allowable capital loss") realized by a Resident Shareholder in a taxation year must be deducted from any taxable capital gains realized by the Resident Shareholder in the year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such years, subject to and in accordance with the provisions of the Tax Act.

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

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

8.3 Taxation of Registered Plans

The Class A Shares will be qualified investments for Registered Plans at a particular time if the Corporation qualifies as a MIC under the Tax Act at such particular time and if throughout the calendar year in which the particular time occurs, the Corporation does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary or a subscriber under, or a holder of, the particular Registered Plan or of any other person who does not deal at arm's length with that person. Adverse tax consequences, not discussed herein, would generally result if the Corporation at any time fails to qualify as a MIC and the Class A Shares otherwise fail to constitute qualified investments for Registered Plans.

Notwithstanding that the Class A Shares may be a qualified investment for a Registered Plan, the annuitant of an RRSP or RRIF or the holder of a TFSA or RDSP, or the subscriber of the RESP, as the case may be, which acquires Class A Shares will be subject to a penalty tax under the Tax Act if such Class A Shares are a "prohibited investment" (within the meaning of the Tax Act) for the particular RRSP, RRIF, RESP, RDSP or TFSA. Class A Shares will generally be a prohibited investment for a RRSP, RRIF, RESP, RDSP, or TFSA if annuitant of the RRSP or RRIF or the holder of the TFSA or the subscriber of the RESP, as applicable, does not deal at arm's length with the Corporation for purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Corporation. In addition, Class A Shares will not be prohibited investments if they are "excluded property" as defined in the Tax Act for RRSPs, RRIFs, RESPs, RDSPs and TFSAs. Annuitants and holders should consult their own tax advisors to ensure that the Class A Shares would not be a prohibited investment for a trust governed by Registered Plans in their particular circumstances.

Dividends received by a Registered Plan on Class A Shares that are a qualified investment for such Registered Plan will be exempt from income tax in the Registered Plan, as will capital gains realized by the Registered Plan on the disposition of such Class A Shares. Withdrawals from Registered Plans, other than a TFSA and certain withdrawals from a RDSP or RESP, are generally subject to tax under the Tax Act.

ITEM 9 – COMPENSATION PAID TO SELLERS

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

The Corporation may enter into certain non-exclusive agency agreements with registered investment dealers and/or exempt market dealers under which the dealers would offer the Class A Shares for sale to Subscribers on a commercially reasonable best efforts basis and the Corporation would be responsible for payment of the dealers' commissions. As at the date of this Offering Memorandum, there is one agreement that has been entered into for this purpose.

At the discretion of the Board of Directors, commissions payable to registered dealers will be up to three percent (3%) of the gross proceeds received in connection with the sale of Class A Shares to a Subscriber subscribing through the registered dealer and will be paid out of the proceeds attributable to the Class A Shares sold to such Subscriber under the Offering. Under no circumstances will a commission be paid by the Corporation in respect of Class A Shares issued under the DRIP.

In addition, registrants and other eligible persons seeking investors for Class A Shares may charge their clients additional fees or commission to purchase or sell Class A Shares. Such registrants or other eligible persons may also be reimbursed by the Corporation for reasonable expenses incurred in connection with the Offering. There are no broker warrants or agent's options issuable in connection with this Offering.

ITEM 10 – RISK FACTORS

There are certain risks inherent in an investment in the Class A Shares, which Subscribers should carefully consider before investing in the Class A Shares. Subscribers should only purchase the Class A Shares if they are aware of the risks inherent in the real estate industry and have the ability and willingness to accept the risk of loss of the entire amount paid for the purchase of the Class A Shares and do not have an immediate need for liquidity.

Prospective Subscribers should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Class A Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment. This Offering Memorandum contains forward-looking information but the Corporation makes no assurances of any returns on the Subscriber's investments in the Class A Shares and puts each Subscriber on notice that they may be at risk of loss of their entire invested capital.

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

Investors may lose their entire investment: Investors are at risk that they will not realize any return on their investment.

- a) **Investment Risk** – Risks that are specific to the Class A Shares being offered under this Offering include the following:

No Market for Class A Shares

There is no market through which the Class A Shares may be sold and the Corporation does not expect that any market will develop pursuant to this Offering or in the future. Accordingly, an investment in Class A Shares should only be considered by Subscribers who do not require liquidity as Subscribers may not be able to sell any of their Class A Shares. The Class A Shares are subject to onerous resale restrictions under applicable securities legislation. *See Item 12 "Resale Restrictions"*, regarding resale restrictions applicable to the Class A Shares.

The Corporation might be Unable to Retract Your Class A Shares

The Class A Shares are retractable, meaning that Class A shareholders have the right to require the Corporation to redeem them, upon appropriate advance notice from the Class A shareholder to the Corporation and pursuant to the terms contained in Item 5.1 "Terms of Securities". However, if a Class A shareholder does not provide the Corporation with the appropriate advance notice of retraction, the right of retraction is suspended until the subsequent retraction period. *See Item 5.1 "Terms of Securities"*.

The Corporation provides no assurance that any Shareholder will be able to retract any or all of their Class A Shares at any time. Accordingly, this investment is unsuitable for those prospective investors who may require liquidity. Under exceptional circumstances, the Corporation may suspend your right to retract your Class A Shares, for example, if the redemption would render the Corporation insolvent or if it would result in the Corporation not meeting the requirements for a MIC under the Tax Act. The Corporation has the ability to limit share retractions if such retractions would be contrary to law, the prior rights of holder of other shares of the Corporation or if such retraction would result in the Corporation being offside the 25% share ownership restriction.

No Guarantees

The Corporation is not a member of the Canada Deposit Insurance Corporation (CDIC) and as a result, the Class A Shares offered hereunder are not insured against loss through the CDIC. In addition, there is no guarantee that the Corporation will be able to pay dividends at the Target Yield, or at all. The rate of return to Shareholders will vary based on a number of factors such as economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, government policy and regulation, etc.

Absence of Voting Rights and Management Rights

The Class A Shares being sold under this Offering do not carry voting rights, and consequently a Subscriber's investment in Class A 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 Class A Shares, Subscribers are relying solely on the good faith, judgment and ability of the Board and the Manager to make appropriate decisions with respect to the Corporation and the management of its business including without limitation the Mortgage Portfolio, and will be bound by the decisions of the directors and officers of the Corporation and the Manager. It would be inappropriate for Subscribers unwilling to rely on these persons to subscribe for Class A Shares.

Dilution

The number of the Class A Shares the Corporation is authorized to issue is unlimited and the directors of the Corporation have the sole discretion to issue additional Class A Shares. The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. In addition to seeking alternate financing sources, the Corporation may conduct future offerings of the Class A Shares in order to raise the funds required which will result in a dilution of the interests of the holders of the Class A Shares in the Corporation and the income or loss from the Corporation.

Non-Residential Mortgage Investments

In addition to investing in Mortgages, the Corporation may invest in other investments as permitted under the Tax Act. The Tax Act requires a MIC to have at least 50% of its assets invested in mortgages secured by houses (as defined in section 2 of the *National Housing Act*) or on property included within a housing project (as defined in that section), therefore the Corporation has discretion to invest in investments outside of residential Mortgages, including but not limited to commercial mortgages, undeveloped or vacant land mortgages, promissory notes, debentures or other such securities, and interests in real property provided it complies with the Tax Act requirements applicable to a MIC.

Private Offering

This Offering Memorandum is provided to Subscribers in connection with a private Offering of the Class A Shares by the Corporation only in jurisdictions where, and to those persons to whom, they may be lawfully offered for sale under prospectus exemptions in applicable jurisdictions. This Offering Memorandum is not and shall not be construed as a prospectus, advertisement or public offering of the Class A Shares of the Corporation. Subscribers will not have the benefit of a review of the offering materials by any regulatory authority.

Lack of Separate Legal Counsel

The Subscribers, as a group, have not been represented by separate counsel. Neither counsel for the Corporation, nor counsel for the Manager purports to have acted for the Subscribers nor to have conducted any investigation or review on their behalf. **Prior to purchasing the Class A Shares, all Subscribers are advised and urged to obtain independent legal advice and consult with other advisors in order to review this Offering Memorandum and other documents ancillary to the purchase of the Class A Shares.**

- b) **Corporation Risk** – Risks that are specific to the Corporation include the following:

MIC Tax Designation

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

As a corporation qualified as a MIC, the Corporation may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation on the Class A 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 Class A Shares would cease to be deductible from the income of the Corporation for that year and the dividends it pays on the Class A Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Class A Shares might cease to be qualified investments for Registered Plans with the effect that a penalty tax would be payable by a Shareholder holding Class A Shares in a Registered Plan.

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 objectives.

In order to manage the Corporation and the Manager successfully in the future, it may be necessary to further strengthen their management teams. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Conflict of Interest

Conflicts of interest may exist, and others may arise, between Subscribers and the directors and officers of the Manager and/or the Corporation and their Associates and Affiliates.

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

The Management Agreement does not limit or restrict the right of the Manager or any director, officer, employee, principal, shareholder, affiliate or associate of the Manager, to engage in any other business or to devote his, her or its time and attention in part to the management, administration or other aspects of any business, whether of a similar or dissimilar nature to that of the Corporation provided that the Manager will and will cause its agents and employees to devote adequate time and attention to performing its duties hereunder.

The Corporation and the Class A Shareholders are in large part dependent on the experience and good faith of the Manager. The Manager is entitled to act, currently acts and in the future may act in a similar capacity for other entities or lenders with investment criteria similar to those of the Corporation. Accordingly, there may be instances in which an investment opportunity may be suitable for the Corporation as well as other mortgage lenders or investors with whom the Board and/or the Manager have business relations. In such cases, the Manager has the right to take such action as it sees fit.

Several of the Corporation's mortgages may be shared with other investors affiliated or associated with the Manager, which parties may include shareholders, directors or staff of the Manager or the Manager itself. The Corporation's investment position may rank either equally with, in priority to, or subordinate to other members of the syndicate or participating investors.

The Manager, the Mortgage Broker, as well as any of its directors, officers, shareholders, employees and affiliates may purchase for their own account and own as a co-lender a percentage interest in an investment is held or presented to the Corporation, and that the Manager or the Mortgage Broker may also sell undivided percentage interests in any such investment opportunities to other co-lenders.

The Manager and the Corporation are not at arm's length. Bogdan Muzychka is a director, officer and shareholder of the Corporation and the sole director and officer of the Manager. All of the outstanding shares of the Manager are held indirectly by Mr. Muzychka's family trust. The

Manager receives management fees and may receive incentive fees from the Corporation. The Manager has sole discretion in determining which mortgages it will make available to the Corporation for investment, subject to compliance with the investment policies and guidelines set out herein. The Board approves all policies of the Corporation and has final approval on all individual mortgages recommended by the Manager. Benson Mortgages Corp. provides mortgage brokerage services to the Corporation. Benson Mortgages Corp. is controlled by a person related to Bogdan Muzychka and receives broker fees generated on the Mortgage investments it arranges for the Corporation. Such fees are generally paid by the borrower. Each of Bogdan Muzychka, Gleb Muzychka and Jin Zhang receive compensation from Benson Mortgages Corp. in their capacity as mortgage agents/brokers for Benson Mortgages Corp.

Future Operations and Possible Need for Additional Funds

The Corporation requires significant funds to carry out its objectives. In the event the Corporation is unable to raise sufficient funds by this Offering and/or other debt or equity financing, the Corporation may have insufficient funds available to it to implement its business plan, and Subscribers may receive no return on their Class A Shares.

There can be no assurances, however, that the Corporation will generate sufficient cash flow from operations or that it will not encounter unexpected costs in connection with implementing its business plan, and as a consequence there can be no assurances that the Corporation will not require additional financing. The Corporation has no current arrangements with respect to any other additional financing, and there can be no assurance that any such additional financing can be obtained on terms acceptable to the Corporation, or at all. Failure to obtain additional financing would likely have a substantial material adverse effect on the Corporation. **Moreover, in the event the Corporation was to obtain such additional financing, it could have a dilutive effect on the Subscribers' participation in the revenues generated through the Corporation's operations. Also, any security granted to a creditor by the Corporation would rank ahead of the claims of any Shareholder of Class A Shares.**

Risks regarding the Use of Leverage

The Corporation may from time to time borrow under loan facilities with Canadian chartered banks and other lenders. The obligations under such loans may be secured, and while the addition of leverage has the potential to enhance returns, it also involves additional risks. For example, due to the varying loan maturities and constant fluctuations in interest rates, there is no assurance that the interest received by the Corporation on its mortgage investments will always exceed the interest the Corporation pays on loans that it may have previously taken out to finance mortgage investments. The Corporation will also incur additional costs in connection with the borrowing. Therefore, there can be no assurance that the leveraging employed by the Corporation will enhance returns, and to the extent that secured lenders realize on their respective collateral, they will have right to receive distributions in priority to the Corporation in addition to the right to seize mortgage assets pursuant to security agreements with the Corporation. The Corporation's borrowing 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 and the imposition of penalty charges and other costs in the event lenders pursue default remedies under the terms of the loan. To the extent that secured lenders realize on their respective collateral, they may have the right to receive distributions in priority to the Shareholders in addition to the right to seize mortgage assets pursuant to security agreements with the Corporation. A credit facility may contain various positive, negative, reporting and financial covenants, including that loan proceeds may not be used to finance any share redemptions, and

restrictions on the payment of dividends and share redemptions unless the Corporation is otherwise compliant with the covenants contained in the loan agreement.

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

Your Investment will Fluctuate in Value

If the value of a MIC's underlying investments changes this will in turn affect the value of the MIC. Some of the factors that can affect the value of a MIC's investments include:

- (a) current economic conditions;
- (b) changes in interest rates;
- (c) events in financial markets;
- (d) financial conditions of the borrowers to which the MIC has advanced funds; and
- (e) changes in the market value of real estate.

As a result of the changing value of the underlying mortgages, the value of your investment in a MIC can go up or down over time, and there is no guarantee that when you retract your Class A Shares in the MIC they will be worth the price you paid for them or that the Corporation will have funds available to pay the redemption amount.

The Corporation's borrowers are or could become a Bad Credit Risk

The Corporation's borrowers often have incomes that are seasonal or fluctuate or they may have been refused credit from banks and other traditional financial institutions. Accordingly, the Corporation's borrowers may be considered to be higher risk and, as a result, there is a risk they may not be able to, or may refuse to, pay back their loans when due. The Corporation believes the Corporation's lending policy should limit such risk and anticipates that minimal losses will be incurred, however the attenuate risk remains in effect. Such losses could amount to a reduction in anticipated return on your investment or, in the worst circumstances; result in you losing your entire investment.

Sensitivity to Interest Rates

The value of the Corporation's Mortgage portfolio at any given time may be affected by the interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the Mortgages comprising the Corporation's Mortgage portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's Mortgage assets are based), the Corporation may find it difficult to make a mortgage loan bearing acceptable rates. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's business, financial condition and results of operations which in turn may adversely affect the Corporation's ability to perform its obligations and its ability to maintain dividends on the Class A Shares at a consistent and desirable level. Due to the term of the Mortgages made by the Corporation and the inability to accurately predict the extent to which the Corporation's Mortgages may be prepaid, it is possible that the Corporation may not be able to sufficiently reduce interest rate risk associated with the replacement of such Mortgages through new investments in Mortgages.

Concentration/Portfolio allocation

The allocation of Mortgage investments in the Corporation's Mortgage portfolio may change by geographic region, type of property and size of Mortgage. This will result in the Mortgage portfolio being more or less diversified from time to time. The shift of asset allocation may increase or decrease the Corporation's exposure to the constantly changing economic conditions. Also, investments in Mortgages are relatively illiquid. Such illiquidity tends to limit the Corporation's ability to vary its Mortgage portfolio promptly in response to changing economic conditions.

Nature of the Investment

Investments in Mortgages are relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to vary the Mortgage portfolio promptly in response to changing economic or investment conditions. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may be required to incur such expenditures to protect its investment.

Changes in Property Values

The mortgage loans in which the Corporation invests, will be secured by real estate, the value of which can fluctuate. From time to time, the Corporation may also hold interests in real property within the parameters permitted by the Tax Act for MICs. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses, environmental hazards, and other factors. The value of properties on which the Corporation holds mortgages could fall below the principal amount of the outstanding mortgage loans on those properties, thereby exposing the Corporation to potential losses if the mortgagor defaults on the mortgage loan and the Corporation must sell the property in an attempt to recover its mortgage loan. Losses sustained by the Corporation in respect of a mortgage loan(s) may result in a decrease in the value of the assets of the Corporation and may delay or prevent the Corporation from meeting retraction requests and/or making distributions. The value of income-producing real property may also depend on the credit worthiness and financial stability of the

borrowers and/or the tenants. While independent appraisals may be obtained before the Corporation may make any mortgage investment, the appraised values, even where reported on an “as is” basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions and assumptions, including the completion, rehabilitation or making of leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and, if and to the extent they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

Change in Tax Legislation could Adversely Affect the Corporation’s Business

The Corporation has been created to comply with the MIC requirements of the Tax Act. The Corporation’s Class A Shares are intended to appeal to individuals having Registered Plans such as RRSPs, RRIFs, TFSAs and RESPs. While it is not anticipated that the provisions of the Tax Act respecting such Registered Plans will change, there is always the possibility that it could be altered so that the Class A Shares would no longer be qualified investments for such plans. Such changes could have an adverse effect on your investment.

The Corporation intends that its business be operated so that it complies at all times with the requirements for MICs under the Tax Act. Failure to meet such requirements could have a material adverse effect on the Corporation’s financial performance.

The provisions of the Tax Act could be changed so that the Corporation’s profits could be taxable in the Corporation’s, rather than your hands. This could affect the value of your investment, especially if you do not own the Corporation’s Class A Shares in a Registered Plan.

Risk of Dealing with Trustees

The Corporation will deal with the trustees of Registered Plans as necessary but the Corporation will not undertake any responsibility for the administration of any self-directed Registered Plans by such trustees. The trust corporation of your Registered Plan may impose conditions upon us with which the Corporation are unable or unwilling to comply. As a result, your trustee may refuse to allow the Corporation’s Class A Shares to be an eligible investment for your Registered Plan.

Leases

Borrowers may rely upon periodic lease or rental payments from tenants to pay for a property’s maintenance and other operating expenses, to fund capital improvements and to service debt. There is no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the terms of their leases. Accordingly, repayment of a Mortgage loan may be affected by the expiration or termination of leases and the ability of the borrowers to renew those leases with the existing occupants or to re-lease the space on economically favourable terms. No assurance can be given that leases that expire can or will be renewed, that the space covered by leases that expire or are terminated can or will be leased in a timely manner at comparable rents or on comparable terms, or that the borrowers will be able to fund any required tenant improvements. If a significant portion of a mortgaged property is leased to a single tenant, the consequences of the failure of the borrower to re-lease such portion of such mortgaged property in the event that such tenant vacates the space leased to it, or a failure of such tenant to

perform its obligations under the related lease will be more pronounced than if such mortgaged property were leased to a greater number of tenants.

Competition

The Corporation is competing with many third parties, including other lenders and financial institutions, seeking investment opportunities similar to those sought by the Corporation. There is no assurance that the number of mortgages required to maintain an optimal level of investment will be funded, and this could have an adverse effect on the Corporation's business, financial condition and results of operations which in turn may adversely affect the Corporation's performance and its ability to maintain dividends on the Class A Shares at a consistent and desirable level. Such third parties may have greater name recognition and greater financial, managerial and technical resources than the Corporation. Competitors may reduce the interest rates that they charge, resulting in a reduction in the Corporation's share of the market, reduced interest rates on loans and reduced profit margins. Furthermore, commercial and residential real estate is subject to the usual competitive forces of supply, demand and availability of substitutes (i.e., the proximity and availability of competing properties to the mortgaged properties). These competitive forces may impact the overall financial performance of the mortgaged properties including occupancy levels and potential rental rates. As a result, increased competition could adversely affect income from, and the value of, the mortgaged properties held by the MIC.

Mortgage renewals

There can be no assurances that any of the Mortgages within the Corporation's Mortgage portfolio from time to time can or will be renewed at the same interest rate, terms, or in the same amounts as are currently in effect at maturity. It is possible that the mortgagor, the mortgagee (i.e. the Corporation), or both will choose not to renew such Mortgage. Even if the Mortgages are renewed, the principal balance of such renewals, the interest rates, the term and conditions may be subject to negotiations between the mortgagor(s), the mortgagee (i.e. the Corporation), and the Manager at the time of renewal.

Natural Disasters, Health Epidemics and Similar Outbreaks or Disruptions

The Corporation could be adversely affected by natural disasters, epidemics or outbreaks of contagious diseases such as the coronavirus pandemic ("**Covid-19**") as well as other geopolitical disruptions such as terrorist acts, an incident of war, riot or civil unrest. Without limitation, set out below are some of the potential impacts that such events may have upon the Corporation. The occurrence of any such event may also heighten the other risk factors faced by the Corporation.

Events such as these can result in volatility and disruption to global supply chains, operations, mobility of people, employment and financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Issuer. Elevated levels of unemployment coupled with historic government deficits could lead to a prolonged economic slowdown. Such circumstances may impact real estate values, the ability of borrowers to repay mortgages and the Manager's ability to source mortgage investments resulting in reduced returns to investors.

The impact of a natural disaster, health outbreak or other disruption on the value of the Corporation's Mortgage Portfolio will depend on future developments, including the duration and spread of the outbreak or disruption, and related advisories and restrictions. These developments and the impact of such events on the real estate markets in which the Corporation invests and the

overall economy are uncertain. If such markets and/or the overall economy are impacted for an extended period, the Corporation's future financial performance may be materially adversely affected. The Corporation may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its performance. Additionally, natural disasters and health outbreaks or other disruptions present risks to the key personnel and staff of the Manager to perform their roles in the event they become ill or are unable to continue to effectively operate on a remote basis. Due to the uncertainty and rapidly evolving nature of such outbreaks, it is impossible to list all of the potential impacts they could have upon the Corporation.

Data Security and Privacy Breaches

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

ITEM 11 - REPORTING OBLIGATIONS

11.1 Continuous Disclosure

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

However, the *Business Corporations Act* (Ontario) requires the Corporation to provide its shareholders with audited financial statements for each fiscal year. In addition, the Corporation is required to forward to holders of Class A Shares that purchased Class A Shares under the offering memorandum exemption audited financial statements and disclosure regarding the use of the aggregate gross proceeds raised by the Corporation under the offering memorandum exemption within 120 days following the end of each fiscal year of the Corporation, and such other information as required by applicable securities laws for a non-reporting issuer that distributes Class A Shares using the offering memorandum exemption (including annual notices of use of proceeds and notices of certain key events, if and when applicable), which will be made available to Shareholders as and when required. Generally, disclosure documents will be considered to have been "made reasonably available" to Shareholders if the documents are mailed to Shareholders, or if Shareholders receive notice that the disclosure documents can be viewed on a public website of the Corporation or a website accessible by all Shareholders. The fiscal year of the

Corporation ends on the 31st day of December of each year. Furthermore, the Corporation is required to provide notice to holders of Class A Shares that purchased Class A Shares under the offering memorandum exemption within ten (10) days of the occurrence of: (a) a discontinuation of the Corporation's business; (b) a change in the Corporation's industry; or (c) a change of control of the Corporation.

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

Since inception, Yale PGC LLP, Chartered Professional Accountants, based in Toronto, Ontario have served as the auditors of the Corporation.

11.2 Access to Corporate and Securities Information about the Corporation

Since the Corporation is not a reporting issuer and the Corporation's Class A Shares are not publicly traded, no corporate or securities information about the Corporation is available from a government, regulatory authority, stock exchange or quotation and trade reporting system. Some securities information about this and previous offerings is available from the Ontario Securities Commission at www.osc.gov.on.ca and other applicable securities regulators. Further information about the Corporation is posted and available for review on the Corporation's website at www.bensonmic.ca or from the Corporation at the contact information set out on the face page of this Offering Memorandum.

ITEM 12 – RESALE RESTRICTIONS

The Class A Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if at all, the Subscriber will not be able to trade the Class A Shares unless the Subscriber complies with an exemption from the prospectus and registration requirements under securities legislation.

12.1 Restricted Period

Unless permitted under securities legislation, a Subscriber cannot trade the Class A Shares before the date that is four (4) months and a day after the date the Corporation becomes a reporting issuer in any province or territory. The Corporation does not currently intend to become a reporting issuer and so unless a prospectus exemption is available, Class A Shares may be subject to an indefinite hold period.

ITEM 13 – PURCHASERS' RIGHT

13.1 Statements Regarding Purchasers' Rights

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

Two Day Cancellation Right

The Subscriber can cancel the agreement to purchase these Class A Shares. To do so, the Subscriber must send a notice to us by 11:59 pm (Eastern Standard Time) on the second business day after he or she or it signs the Subscription Agreement to purchase the Class A Shares. The Corporation shall return all

amounts paid under the Subscription Agreement to the prospective Subscriber promptly if the prospective Subscriber exercises the right to cancel the agreement to purchase the Class A Shares within the foregoing prescribed time period.

Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and, in some cases, advertising and sales material used in connection therewith, contains a “misrepresentation”, as defined in the applicable securities legislation. Generally, a “**Misrepresentation**” is defined under applicable securities laws to mean “(a) an untrue statement of a material fact; or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.” The meaning of misrepresentation may differ slightly depending on the law in your jurisdiction. In most jurisdictions, there are defenses available to the persons or companies that you may have a right to sue. In particular, in many jurisdictions, the person or company that you sue will not be liable if you knew of the misrepresentation when you purchased the Class A Shares.

These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed by applicable securities legislation and are subject to limitations and defenses under applicable securities legislation.

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

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

Investors Resident in Ontario

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

- (a) no person or company will be liable if it proves that the purchaser purchased the Class A Shares with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation relied upon;
- (c) the Issuer shall not be liable where it is not receiving any proceeds from the distribution of the Class A Shares being distributed and the Misrepresentation was not based on information provided by the Issuer, unless the Misrepresentation,

- (i) was based on information that was previously publicly disclosed by the Issuer;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the Class A Shares being distributed;
- (d) in no case will the amount recoverable in any action exceed the price at which the Class A Shares were offered; and
- (e) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
- (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) three years after the date of purchase.

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

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

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

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

Investors Resident in British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in

relevant part, that to the extent a Subscriber has subscribed pursuant to the offering memorandum exemption, in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

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

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

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

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

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

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

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

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

Subscribers should refer to the securities legislation applicable in their province or territory along with the regulations, rules and policy statements thereunder for the complete text of these provisions and should consult with their independent legal advisor with respect to their rights as a Subscriber, prior to purchasing the Class A Shares.

13.2 Cautionary Statement Regarding Report, Statements or Opinion by Expert

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

ITEM 14 - FINANCIAL STATEMENTS

Below are the audited financial statements for the Corporation for the period ending December 31, 2022 financial year and the unaudited interim financial statements for the period ending June 30, 2023.

FINANCIAL STATEMENTS
BENSON MORTGAGE INVESTMENT CORPORATION
DECEMBER 31, 2022

BENSON MORTGAGE INVESTMENT CORPORATION

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Benson Mortgage Investment Corporation,

Opinion

We have audited the financial statements of **Benson Mortgage Investment Corporation**, which comprise the statement of financial position as at December 31, 2022, and the statement of changes in shareholders' equity, statement of income and comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Benson Mortgage Investment Corporation** as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing **Benson Mortgage Investment Corporation's** financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Richmond Hill, Ontario
March 14, 2023

BENSON MORTGAGE INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 2022

	2022	2021
A S S E T S		
CURRENT		
Cash	\$ 2,509,475	\$ 1,048,035
Cash in trust (note 5)	750,000	815,000
Interest receivable	86,036	47,468
Investment in mortgages (note 6)	<u>12,993,000</u>	<u>11,261,000</u>
TOTAL ASSETS	<u>\$ 16,338,511</u>	<u>\$ 13,171,503</u>

L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities (note 7)	401,093	263,801
Deferred income	28,388	154,672
Due to related parties (note 8)	<u>1,000</u>	<u>3,000</u>
TOTAL LIABILITIES	<u>430,481</u>	<u>421,473</u>

S H A R E H O L D E R S ' E Q U I T Y		
Per statement attached	<u>15,908,030</u>	<u>12,750,030</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 16,338,511</u>	<u>\$ 13,171,503</u>

APPROVED ON BEHALF OF THE BOARD



Director

BENSON MORTGAGE INVESTMENT CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2022

	2022	2021
Balance at beginning of the year		
100 Voting shares (note 9)	\$ 100	\$ 100
1,274,993 Class A shares (2021 - 1,002,346) (note 9)	<u>12,749,930</u>	<u>10,023,460</u>
	<u>12,750,030</u>	<u>10,023,560</u>
Share capital transactions		
Class A shares redeemed in the year	(2,054,000)	(891,470)
Class A shares issued during the year	<u>5,212,000</u>	<u>3,617,940</u>
	<u>3,158,000</u>	<u>2,726,470</u>
Balance at end of the year		
100 Voting shares (note 9)	100	100
1,590,793 Class A shares (2021 - 1,274,993) (note 9)	<u>15,907,930</u>	<u>12,749,930</u>
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 15,908,030</u>	<u>\$ 12,750,030</u>

BENSON MORTGAGE INVESTMENT CORPORATION
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUE		
Interest and fees earned	<u>\$ 1,331,000</u>	<u>\$ 922,866</u>
EXPENSES		
Advertising and promotion	1,637	3,197
Interest and bank charges	460	479
Management fees (recovery) (note 8 & 10)	41,397	(55,309)
Office and general	3,500	5,000
Professional fees	<u>44,319</u>	<u>76,517</u>
	<u>91,313</u>	<u>29,884</u>
INCOME BEFORE FINANCING COSTS	1,239,687	892,982
FINANCING COSTS		
Dividends paid on Class A shares	<u>1,239,687</u>	<u>892,982</u>
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>

BENSON MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Earnings and comprehensive income for the year	\$ -	\$ -
Items not affecting cash:		
Changes in non-cash working capital components:		
- Interest receivable	(38,568)	18,485
- Accounts payable and accrued liabilities	137,292	(3,764)
- Deferred income	<u>(126,284)</u>	<u>75,319</u>
	<u>(27,560)</u>	<u>90,040</u>
INVESTING ACTIVITIES		
Investment in mortgages	(15,448,000)	(13,885,250)
Proceeds from discharge of mortgages	<u>13,716,000</u>	<u>11,477,500</u>
	<u>(1,732,000)</u>	<u>(2,407,750)</u>
FINANCING ACTIVITIES		
Due to related parties	(2,000)	-
Proceeds from issue of Class A shares	5,212,000	3,617,940
Redemption of Class A shares	<u>(2,054,000)</u>	<u>(891,470)</u>
	<u>3,156,000</u>	<u>2,726,470</u>
INCREASE IN CASH	1,396,440	408,760
CASH AT BEGINNING OF THE YEAR	<u>1,863,035</u>	<u>1,454,275</u>
CASH AT END OF THE YEAR	<u>\$ 3,259,475</u>	<u>\$ 1,863,035</u>
CASH CONSIST OF:		
Cash	\$ 2,509,475	\$ 1,048,035
Cash held in trust (note 5)	<u>750,000</u>	<u>815,000</u>
	<u>\$ 3,259,475</u>	<u>\$ 1,863,035</u>

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. **NATURE OF OPERATIONS AND GENERAL INFORMATION**

Benson Mortgage Investment Corporation (the Company) is a Mortgage Investment Corporation (MIC) domiciled in Canada, incorporated on November 24, 2014 under the Ontario Business Corporations Act. The company is a non-bank lender, providing short-term bridge and conventional real estate financing, including construction and mezzanine mortgages for commercial and residential properties. The investment objectives of the company are to make investments that preserve capital and provide stable monthly distributions to shareholders.

The company is defined as a MIC in Section 130.1(6) of the Canada *Income Tax Act* (ITA). Accordingly, it is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder.

The company is managed by Benson Management Corporation (the Manager). The Mortgage Broker is Benson Mortgage Corp.

The address of the company's registered head office and principal place of business is 10376 Yonge Street, Suite 301, Richmond Hill, ON, L4C 3B8.

2. **BASIS OF PRESENTATION**

These financial statements have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as set out in Part 1 of the *CPA Canada Handbook - Accounting*. Significant accounting policies have been consistently applied in the preparation of these financial statements, which were authorized for issuance by the board of directors on March 14, 2023.

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

3. **USE OF JUDGMENTS AND ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. The most subjective of these estimates relates to:

- determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
- the valuation of mortgages receivable, which is affected primarily by the provision for mortgage losses, and;
- the measurement of the liability and equity components of the redeemable Class A shares which depends upon the estimated market interest rates for a comparable instrument without the convertibility feature.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

3. USE OF JUDGMENTS AND ESTIMATES - continued

Actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Measurement of fair values - The company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The company reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the company will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has not classified any financial instruments as FVOCI or FVTPL. The Company initially recognize loans and receivables and other financial liabilities on the date they are originated.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - continued

(a) Financial instruments - continued

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classified their cash, investment in mortgages, interest receivable at amortized cost. Investment in mortgages are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of mortgages is at amortized cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

From time to time there may be one or more impaired loans. Mortgages are impaired where full recovery is considered in doubt based on a current evaluation of the security held (if any) and for which specific loss provisions have been established. From time to time, the Manager may be required to take enforcement proceedings with respect to non-performing loans. Enforcement proceedings can be time consuming and, if a sufficient number of loans require enforcement, the Manager's attention may be diverted from the day-to-day operations of the Company or from pursuing its growth strategy and the Company may incur significant expenses that cannot be recovered.

The Manager may from time to time deem it appropriate to extend or renew the term of a loan past its maturity, or to accrue the interest on a loan, in order to provide the borrower with increased repayment flexibility. The Manager generally will do so if it believes that there is a relatively low risk to the Company of not being repaid the full principal and interest owing on the loan. In these circumstances, however, the Company is subject to the risk that the principal and/or accrued interest of such loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Company during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Company may not recover any of the principal and interest owed to it in respect of such loan.

When a loan is extended past its maturity, the loan can either be held over on a month- to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Company has the ability to exercise its enforcement remedies in respect of the extended or renewed loan. Exercising enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Company during the period of enforcement. In addition, as a result of potential declines in

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - continued

(a) Financial instruments - continued

security values and other factors, there is no assurance that the Company will be able to recover all or substantially all of the outstanding principal and interest owed to them in respect of such loans by the Company's exercise of enforcement remedies. Should the Company be unable to recover any portion of the principal and interest owed to them in respect of such loans, the assets of the Company would be reduced, and the returns, financial condition and results of operations of the Company could be adversely impacted.

(ii) Impairment of financial assets

IFRS 9 uses the "Expected Credit Loss" ("ECL") model with respect to its review for impairment of financial assets. The Company's financial assets at amortized cost consist of cash, Investment in mortgages, interest receivable. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument, if the credit risk on that financial instrument has increased significantly since initial recognition.

The Company has measured the loss allowances for amounts receivable at an amount equal to the 12 month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed assessment of forward looking information.

There was no impact on the assets of the Company measured at amortized cost and no impairments were recorded.

(iii) Financial liabilities:

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

(b) Cash and cash equivalents

The company classifies highly liquid investments with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, to be cash equivalents.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Investments in mortgages

The investment in mortgages is classified as loans and receivable. Such investments are recognized initially at fair market value. Subsequent to initial recognition, the investment loans are measured at amortized cost using the effective interest method, less any impairment provisions.

The investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably, there has been no impairment assessed or identified on the mortgages invested.

(d) Revenue recognition

Interest income earned is recorded on an accrual basis for all mortgages using the effective interest method. Fee income and related marketing and administration costs are recorded in the period which corresponds with the term of the mortgage to which they relate.

Deferred income represents interest pre-paid by mortgage borrowers for future periods that have not been earned by the company. The deferred income will be recorded as interest income in the time period it relates to.

(e) Redeemable shares

The company classifies financial instruments issued as either financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Class A shares are redeemable, subject to the conditions specified in the Subscription Agreement, and provide each shareholder with the right to redeem for cash at a value proportionate to the share in the share capital. Accordingly, Class A shares are classified as equity as the Class A shares have all equal rights to other classes of shares.

The company will make distributions to the Class A shareholders. Dividends payable to the holders of the Class A shares are recognized when declared in the statement of earnings and comprehensive income.

(f) Income taxes

The company is a mortgage investment corporation as of December 31, 2022 pursuant to the Section 130.1 of the Income Tax Act (Canada). As such, the company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The company intends to maintain its status as a company and intends to distribute sufficient dividends in the year and in future years to ensure that the company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the company's dividends results in the company being effectively exempt from taxation and no provision for current or deferred income taxes is required.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. CASH IN TRUST

Cash in trust represents money in lawyer's trust account for early discharged mortgages by lenders, those mortgages were closed subsequent to the year end, and all funds were received by the MIC.

6. INVESTMENT IN MORTGAGES

(a) Mortgage investments:

Mortgages invested by the company are on residential and commercial real properties, as of December 31, 2022, there were total of 24 residential mortgages with a carrying amount of \$11,163,000 (2021 - 26 mortgages of \$10,501,000), and 2 commercial mortgages with a carrying amount of \$1,830,000 (2021 - 2 mortgages of \$760,000). All mortgages are stated at amortized cost, their carrying value closely approximates fair market value.

The properties securing the mortgages are all located in Ontario, mainly in the Greater Toronto Area; The mortgages bear interest at fixed rate ranging from 8.5% - 12% per annum. The weighted average effective interest rate is 9.8% and 100% of total mortgages mature within a year from December 31, 2022.

The following table outlines the priorities and contractual maturities of mortgages invested by the company as of December 31, 2022:

	Number	Within 6 months	Between 6 and 12 months	Over 12 months	Total 2022
First mortgages	10	\$ 3,155,000	\$ 3,851,000	-	\$ 7,006,000
Second mortgages	14	3,961,000	1,710,000	-	5,671,000
Third mortgages	2	-	316,000	-	316,000
Total	26	\$ 7,116,000	\$ 5,877,000	-	\$ 12,993,000

The following table outlines the priorities and contractual maturities of mortgages invested by the company as of December 31, 2021, There are 3 mortgages matures on January 1, 2023, which are over 12 months period.

	Number	Within 6 months	Between 6 and 12 months	Over 12 months	Total 2021
First mortgages	12	\$ 1,678,000	3,375,000	\$ 125,000	\$ 5,178,500
Second mortgages	14	2,027,500	3,025,000	480,000	5,532,500
Third mortgages	2	550,000	-	-	550,000
Total	28	\$ 4,255,500	\$6,400,500	\$ 605,000	\$ 11,261,000

As at December 31, 2022, none of the mortgages have first priority syndicate participation. All mortgages are conventional, uninsured mortgages which contain a prepayment option. They are assessed on their loan to value, which is calculated by dividing the sum of all mortgages by the appraised value of the property. All mortgages have a loan to value ratio not exceeding 80%, and the average loan to value ratio of all mortgages is 66.2%.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. INVESTMENT IN MORTGAGES - continued

(b) Default mortgages:

A mortgage is considered in default when a payment has not been received by the contractual due date, or a term in the mortgage agreement has been breached. Mortgages that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest. There was no default mortgage for the year ended December 31, 2022.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are the following:

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued liabilities	\$ 27,066	\$ 32,454
Dividend payable to investors	341,639	240,355
Management fee payable (receivable) - related party (note 10)	<u>32,388</u>	<u>(9,009)</u>
	<u>\$ 401,093</u>	<u>\$ 263,800</u>

8. DUE TO RELATED PARTY

Benson Management Corporation is the manager of the company and Benson Mortgage Corporation is the broker of mortgage deals. The balances due to related party is due to a company subject to common control. These amounts are unsecured and non-interest bearing with no specific terms of repayment. The amount has been repaid subsequent to the year end.

(a) Management fees:

During the year, a management fee in the amount of \$41,397 was paid to Benson Management Corporation (2021 - \$55,309 management fee was recovered from Benson Management Corporation).

All transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed by both parties.

9. SHARE CAPITAL

The company is authorized to issue an unlimited number of voting shares without par value and an unlimited number of non-voting, Class A shares without par value.

	<u>2022</u>	<u>2021</u>
<u>Issued</u>		
100 Voting shares	\$ 100	\$ 100
1,590,793 Class A shares (2021 - 1,274,993 shares)	<u>15,907,930</u>	<u>12,749,930</u>
	<u>\$ 15,908,030</u>	<u>\$ 12,750,030</u>

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

9. SHARE CAPITAL - continued

The following shares were issued, redeemed, and outstanding as at December 31, 2022:

Class A shares	Number	Amount
Balance, beginning of year - January 1, 2022	1,274,993	\$ 12,749,930
Shares redeemed in the year	(205,400)	(2,054,000)
New shares issued during the year	521,200	5,212,000
Balance, end of year - December 31, 2022	1,590,793	\$ 15,907,930

The following shares were redeemed, issued and outstanding as at December 31, 2021:

Class A shares	Number	Amount
Balance, beginning of year - January 1, 2021	1,002,346	\$ 10,023,460
Shares redeemed in the year	(89,147)	(891,470)
New shares issued during the year	361,794	3,617,940
Balance, end of year - December 31, 2021	1,274,993	\$ 12,749,930

The holders of the voting shares are not entitled to any dividend distributions or payment of their paid up capital. The voting shares may be redeemed or repurchased at the option of company for \$1 per share. The holders of the voting shares may also require company to retract the shares for \$1 per share. In the event of dissolution, the voting shares rank equally with the Class A shares.

Class A shareholders may require the company to retract their shares by serving notice by March 31 on a given year, with a retraction date of June 30 on a given year, and the associated payment due July 31 on a given year. The redemption amount is equal to the net asset value per shares of the company, being the value of the assets less the liabilities and the stated capital of the voting shares calculated immediately before the retraction date on June 30.

The holders of the Class A shares are entitled to receive dividends as and when declared by the Board of Directors. The company anticipates paying a targeted dividend on the shares which is currently equivalent to approximately 8.5% of the net asset value per share on an annualized basis. Dividends are expected to be paid quarterly. The company intends to pay dividends to Class A shareholders, within 90 days after the year end, an amount equal to at least 100% of the taxable income from operations of company determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

9. SHARE CAPITAL - continued

As of December 31, 2022, 277,493 (2021 - 255,793) Class A shares in the amount of \$2,774,930 (2021 - \$2,557,930) were issued to shareholders' registered accounts. All registered accounts are held in trust for shareholders by Olympia Trust Company and Computershare Trust.

10. MANAGEMENT FEES

The Manager is responsible for the day-to-day operations, including administration of the company's mortgage portfolio. Pursuant to the Management Agreement dated November 25th, 2014, (amended November 1, 2015) the Manager is entitled to a fee of 1.95% per annum of the gross assets of the company that are invested in mortgages (the management fee), plus applicable taxes, calculated monthly and paid monthly in areas.

The Manager is also entitled to an annual incentive fee (the incentive fee). In any calendar year where after the company makes a payment of the target dividends on the shares, 96.76% of the profit earned by the company for the period using general accepted accounting principles, plus applicable taxes shall be paid to the Manager.

The Manager shall not be entitled to receive payment of the management fee until the corresponding target dividend has been paid to shareholders. The Manager has waived or compensated for the management fees for the shortfall.

During the year ending December 31, 2022, there was a management fee of \$41,397.

11. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

The company's strategy is to acquire and maintain a diversified portfolio of mortgages on real property in Canada that preserves capital and generates attractive returns in order to permit the company to pay monthly distributions to its Class A shareholders.

The Manager has been given discretionary authority to manage the assets in line with the company's investment restrictions and objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Manager on an ongoing basis.

	2022	2021
Financial assets measured at amortized cost		
Cash	\$ 2,509,475	\$ 1,048,035
Interest receivable	86,036	47,468
Investment in mortgages (current and long-term)	12,993,000	11,261,000
Due from related parties	-	-
Total financial assets measured at amortized cost	<u>\$ 15,588,511</u>	<u>\$ 12,356,503</u>
Financial liabilities measured at amortized cost		
Accounts payable	\$ 401,093	\$ 263,801
Due to related parties	1,000	3,000
Total financial liabilities measured at amortized cost	<u>\$ 402,093</u>	<u>\$ 266,801</u>

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

11. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES - continued

The required disclosures provide information to assist users of the financial statements in assessing the extent of risk related to financial instruments.

Fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The carrying value of the company's other financial instruments approximate their fair value due to their short term nature.

Financial risk management

(a) *Credit risk*

The company does have credit risk in its mortgages as disclosed above. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the company's investments. There have been significant increases in real estate values in various sectors of the Canadian market over the past few years, and the trending correction or revaluation of real estate in such sectors will result in a reduction in values of the real estate securing mortgage loans that comprise the company's investment portfolio. This could result in impairments in the mortgage loans or loan losses in the event the real estate security has to be realized upon by the lender. The company's maximum exposure to credit risk is represented by the fair value of interest receivable and the mortgage investment portfolio.

The company reduces its exposure to credit risk by obtaining a full underwriting report from the mortgage broker (Benson Mortgage Corp.). This report consists of a credit assessment of the mortgage investment and the security provided, along with a full appraisal report prepared by a qualified appraiser, a Phase 1 environmental report (where deemed appropriate) and an evaluation of the prospective borrower and the proposed real estate collateral.

(b) *Liquidity risk*

Liquidity risk is the risk that the company will not be able to meet its obligations when due. The primary sources of liquidity risk are the requirements to fund commitments for new mortgages, advances on existing mortgages, as well as obligations under the company's credit facility. The company's liquidity risk is managed on an ongoing basis in accordance with the policies and procedures in place that reduce the risk to an acceptable level. Policies and procedures include continual monitoring of expected cash flows, reviewing credit requirements with the Manager.

As at December 31, 2022 the company has not utilized its available leverage or credit facility, available to a maximum of 50% of its net assets for the purpose of maintaining liquidity, general working capital or to bridge timing differences resulting from loan maturities and new loan origination.

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

11. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES - continued

(c) *Market risk*

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates, and equity prices - will affect income or the value of holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(i) Interest rate risk

The company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the company's interest-bearing financial instruments, the company policy is to transact in financial instruments that mature in the short term, i.e., no longer than 12 months and the mortgage investment agreements for all mortgages held by the company stipulate an interest rate floor for the respective mortgage. Accordingly, the company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to other price risk.

12. CAPITAL MANAGEMENT

The company considers Class A shareholders' equity to be capital, which as at December 31, 2022 is \$15,907,930.

The company's objective when managing capital is to maintain its ability to continue as a going concern and ensure that it has sufficient resources in order to be able to generate returns for its Class A shareholders. To secure the additional capital necessary to pursue these plans, the company may attempt to raise additional funds through the issuance of additional share capital. The company is not subject to externally imposed capital requirements.

The company's investment guidelines, which can be varied at the discretion of the Board of Directors, incorporate various guidelines and investment operating policies. The company's general guidelines include the following:

- Only investment the Corporation's funds in accordance with its investment objectives, strategies and restrictions, all in compliance with requirement of income tax act;
- Up to 100% of the company's invested capital is to be invested in First Mortgages and Second Mortgages. In very few cases, the company may invest capital in Third Mortgages;

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

12. CAPITAL MANAGEMENT - continued

- The maximum loan-to-value ratio (the “LTV”) for any particular mortgage investment will vary depending on a number of factors including the location and marketability of the property and the condition of the property. The company intends loans to be limited to 80% of the LTV less the amount of any prior mortgages. The company may occasionally exceed 80% of the LTV in order to secure the priority of the company's mortgage or otherwise effect a workout of the borrower's indebtedness;
- The maximum term of the loans can be up to three years but generally will be made for one year terms only;
- The company seeks to ensure that no significant mortgage loans are or will be made to any one borrower or for any one project. As the company capital base has grown, what constitutes a “significant mortgage loan” has increased to loans (including several loans to one borrower) of generally not more than \$500,000 as at the date of audit report.

All of the company's operations and investments are denominated in Canadian dollars, resulting in no direct foreign exchange risk.

13. COVID-19

The spread of the COVID-19 virus has affected equity and fixed income markets significantly and has led to increased volatility subsequent to these statements as at December 31, 2022, the Company has applied and received government wage and rent subsidies for COVID-19 relief. The ultimate impact of COVID-19 on the Company's operations and performance can not be accurately measured due to the uncertainties surrounding the virus.

BENSON MORTGAGE INVESTMENT CORPORATION

FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2023

BENSON MORTGAGE INVESTMENT CORPORATION

JUNE 30, 2023

(UNAUDITED)

I N D E X

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COMPILATION ENGAGEMENT REPORT

To the Shareholders of
Benson Mortgage Investment Corporation

On the basis of information provided by management, we have compiled the balance sheet of **Benson Mortgage Investment Corporation** as at June 30, 2023 and the statements of shareholders' equity and operations for the six-months period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Richmond Hill, Ontario
July 20, 2023

BENSON MORTGAGE INVESTMENT CORPORATION

BALANCE SHEET

AS AT JUNE 30, 2023

(UNAUDITED)

(With comparative figures for the 6-month period ended June 30, 2022)

Jan-Jun 2023 Jan-Jun 2022

A S S E T S

CURRENT

Cash and cash equivalents	\$ 2,173,563	\$ 1,143,997
Funds held in trust	2,107,590	323,000
Accounts receivable	215,524	36,074
Investment in mortgages (note 2)	<u>10,034,310</u>	<u>13,538,000</u>

TOTAL ASSETS

\$ 14,530,987 \$ 15,041,071

L I A B I L I T I E S

CURRENT

Accounts payable and accrued liabilities (note 3)	\$ 402,557	\$ 313,938
Deferred income	-	82,103
Due to related party (note 4)	<u>2,200</u>	<u>3,000</u>

TOTAL LIABILITIES

404,757 399,041

S H A R E H O L D E R S ' E Q U I T Y

Per statement attached	<u>14,126,230</u>	<u>14,642,030</u>
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$ 14,530,987 \$ 15,041,071

APPROVED ON BEHALF OF THE BOARD



Director

STATEMENT OF SHAREHOLDERS' EQUITY

AS AT JUNE 30, 2023

(UNAUDITED)

(With comparative figures for the 6-month period ended June 30, 2022)

CAPITAL STOCK	Jan-Jun 2023	Jan-Jun 2022
<u>Authorized</u>		
Unlimited voting shares		
Unlimited Class A shares		
 <u>Issued</u>		
100 voting shares	\$ 100	\$ 100
1,412,613 Class A shares (June - 2022 -1,464,193 shares)	<u>14,126,130</u>	<u>14,641,930</u>
	<u>14,126,230</u>	<u>14,642,030</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u><u>\$ 14,126,230</u></u>	 <u><u>\$ 14,642,030</u></u>

BENSON MORTGAGE INVESTMENT CORPORATION

STATEMENT OF OPERATIONS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(UNAUDITED)

(With comparative figures for the 6-month period ended June 30, 2022)

	Jan-Jun 2023	Jan-Jun 2022
REVENUE		
Interest and fees earned	<u>\$ 692,015</u>	<u>\$ 595,072</u>
EXPENSES		
Advertising and promotion	10,133	1,137
Bank charges and interest	195	170
Management fees	31,825	7,800
Professional fees	<u>28,200</u>	<u>21,237</u>
	<u>70,353</u>	<u>30,344</u>
INCOME BEFORE INCOME FINANCING COSTS	621,662	564,728
FINANCING COSTS		
Dividends declared on class A shares	<u>621,662</u>	<u>564,728</u>
NET EARNINGS FOR THE PERIOD	<u>\$ -</u>	<u>\$ -</u>

BENSON MORTGAGE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

AS AT JUNE 30, 2023

1. BASIS OF ACCOUNTING

The Company uses a modified cash-basis method to recognize and measure items primarily to comply with the provisions of the Income Tax Act. Under this method the following items are recognized and measured on an accrual basis:

- Accounts receivable, including related party amounts
- Accounts payable, including related party amounts

All other items recognized as incurred.

2. INVESTMENT IN MORTGAGES

All mortgages invested by the MIC are on residential real properties, there were total of 22 residential mortgages with a carrying amount of \$10,034,310 for the period ended June 30, 2023, (27 mortgages for the period ended June 30, 2022 - \$13,538,000). All mortgage is stated at amortized cost. Their carrying value is closely approximate fair market value.

The properties securing the mortgages are all located in Ontario, mainly in the Greater Toronto Area; bear interest at a weighted average interest rate of 9% - 14% per annum and all mortgages mature within a year.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Accounts payable and accrued liabilities	\$ 31,732	\$ 19,024
Dividend payable to investors	306,612	293,368
Management fee (recovery) payable (related party)	<u>64,213</u>	<u>1,546</u>
	<u>\$ 402,557</u>	<u>\$ 313,938</u>

4. DUE TO RELATED PARTY

Due to the related parties are the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Due to Benson Mortgage Corporation	<u>\$ 2,200</u>	<u>\$ 3,000</u>

Benson Management Corporation is the manager of the MIC and Benson Mortgage Corporation is the broker of mortgage deals. The balances due to related party are unsecured, non-interest bearing with no specific terms of repayment, the amount has been repaid subsequent to the year end.

ITEM 15 - DATE AND CERTIFICATE

Dated: July 27, 2023

This Offering Memorandum does not contain a misrepresentation.

On behalf of the Corporation

“Bogdan Muzychka” (Signed)

Bogdan Muzychka, Director and President

“Xiaolong Li” (Signed)

Xiaolong Li, Chief Financial Officer

“Gleb Muzychka” (Signed)

Gleb Muzychka, Director

On behalf of the Manager as Promoter

“Bogdan Muzychka” (Signed)

Bogdan Muzychka, Director and President