

**Form 45-106F2**

**OFFERING MEMORANDUM**

**Date:** March 26, 2009

**THE ISSUER:**

**Name:** GP MIC FUND LTD.  
**Head office:** 101 – 835 View Street  
Victoria, B.C. V8W 3W8  
Phone #: 250-361-4775  
E-mail address: [info@greatpacificmortgage.com](mailto:info@greatpacificmortgage.com)  
Fax #: 381-1914

Currently listed or quoted? NO – These Securities do not trade on any exchange of market.  
Reporting issuer? NO  
SEDAR filer? NO

**THE OFFERING:**

Securities offered: **CLASS 'A' SHARES OF GP MIC FUND LTD.**  
Price per security: **ONE (\$1.00) DOLLAR PER CLASS 'A' SHARE**  
Minimum offering: \$0.00: you may be the only purchaser  
Maximum offering: \$10,000,000.00  
Minimum Subscription Amount: There is no minimum subscription amount  
Payment terms: Upon subscription  
Proposed closing date(s): No earlier than two (2) days after subscription and no later than thirty (30) days after subscription  
Income Tax consequences: There are important tax consequences to these securities. See item 6.  
Selling agent? NO

**RESALE RESTRICTIONS:**

You will be restricted from selling your securities for an indefinite period. See item 10.

**PURCHASER'S RIGHTS:**

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

**NO SECURITIES REGULATORY AUTHORITY HAS ASSESSED THE MERITS OF THESE SECURITIES OR REVIEWED THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.**

**THIS IS A RISKY INVESTMENT. SEE ITEM 8.**

**Item 1: USE OF NET PROCEEDS:****1.1 Net Proceeds -**

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$ 0.00	\$ 10,000,000.00
B	Selling commissions and fees	\$ 0.00	\$ 0.00
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$ 0.00	\$ 0.00
D	Net proceeds: $D = A - (B+C)$	\$ 0.00	\$10,000,000.00

**1.2 Use of Net Proceeds** -Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds. If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the net proceeds to be applied against the working capital deficiency

Description of intended use of net proceeds listed in order of priority	Assuming min. offering	Assuming max. offering
At least 50% of the net proceeds will be invested in residential mortgages and residential construction mortgages or held in cash or deposits with approved depositories	\$ n/a	\$6,500,000.00
Up to 50% of the net proceeds may be invested in industrial and commercial mortgages	\$ n/a	\$3,500,000.00

**1.3 Reallocation** - We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons.

**1.4 Working Capital Deficiency** – The Issuer has no working capital deficiency.

**Item 2: BUSINESS OF GP MIC FUND LTD.:**

**2.1 Structure** – GP MIC Fund Ltd. (the “Issuer”) was incorporated under the Business Corporations Act (British Columbia) ON October 18, 2005 under the name GP MIC FUND LTD. The registered and records offices of the Issuer are at 101 – 835 View Street, Victoria, British Columbia, V8W 3W8. The Issuer is registered to carry on business as a Mortgage Investment Corporation (“MIC”) in the Province of British Columbia. The Issuer may register, where required, to carry on business as a MIC in other provinces of Canada, when business conditions justify the expansion.

**2.2 Our Business** – The Issuer operates as a MIC under the Income Tax Act (Canada). Its business is to obtain a stable source of income by investing in a portfolio of residential, commercial, construction and other mortgages. The Issuer may employ leverage, as permitted by applicable legislation, by issuing debt obligations up to a maximum of five times the book value of its assets.

**2.3 Development of Business** – The Issuer has contracted Great Pacific Mortgage & Investments Ltd. to source qualified investments and invest money in mortgages on behalf of the Issuer and administer same.

**2.4 Long Term Objectives** – To provide a stable rate of return to its shareholders.

**2.5 Short Term Objectives and How We Intend to Achieve Them -**

(a) To provide a stable rate of return to its shareholders.

(b) The Issuer has contracted Great Pacific Mortgage & Investments Ltd. to source qualified investments and invest money in mortgages on behalf of the Issuer and administer the portfolio.

**2.6 Insufficient Proceeds** - Not applicable.

**2.7 Material Agreements** –The following are the material contracts entered into by the Issuer, other than in the ordinary course of business:

2.7.1 **Financial Services Contract** dated January 30, 2006 (the “Financial Services Contract”)

between Great Pacific Mortgage & Investments Ltd., as Service Provider (the "Service Provider") and the Issuer under which the Service Provider is solely responsible for sourcing mortgage Investment and administering the operations of the Issuer in accordance with its investment policies and is responsible, among other things, for:

- a) originating and administering mortgages and other security interest in real property;
- b) providing financial services for the operations of the Issuer including operating and administering general security agreements and other forms of security of the Issuer; and
- c) providing administrative services required by the Issuer in carrying on business as a MIC.

The Financial Services Contract has an indefinite term, but may be terminated upon one of the following events:

- a) if any proceedings in insolvency, bankruptcy, receivership or liquidation be taken against either party;
- b) if either party makes an assignment for the benefit of any creditors or commits an act of bankruptcy within the meaning of the Bankruptcy Act (Canada);
- c) upon 90 days written notice by either party; or
- d) by mutual consent, in writing, of the Issuer and the Service Provider.

The Service Provider is not liable to the Issuer for any loss caused by the Service Provider in carrying out its duties under the Financial Services Contract unless the loss resulted from the negligence, wilful misconduct or dishonesty of the Service Provider, its officers, employees or agents in the performance of its duties. Furthermore, the Issuer has agreed to indemnify and save the Service Provider harmless in the event that the Service Provider suffers a loss of any nature whatsoever in connection with the performance of its duties under the Financial Services Contract, except where such loss resulted from the negligence, wilful misconduct or dishonesty of the Service Provider or its officers, employees or agents.

The Directors of the Service Provider are Rory H. Campbell, Jeffery A. Moses and Walter R. Neufeld who collectively have over 60 years experience in the fields of portfolio management, development, construction, subdivision and related fields.

**Expenses and Management Fees:** The Financial Services Contract provides that in consideration of the services provided by the Service Provider as described above, the Issuer has agreed to pay the Service Provider an annual fee not to exceed two and one half (2.5%) per cent of the yearly outstanding balance of the Mortgage Portfolio (the "Service Provider Fee"). This fee is paid monthly on the 1<sup>st</sup> day of each month on the basis of the principal balance outstanding in the Mortgage Portfolio on the last business day of the preceding month. If need be, there shall be a reconciliation and, if applicable, payment to the Service Provider after the yearly yield to the Shareholders is determined.

The Service Provider will bear the cost of administration of the mortgages in the issuer's asset portfolio and other expenses as provided for in the Financial Services Contract.

Financial services provided to the issuer and expenses incurred by or on behalf of the issuer in connection with all matters, other than financial services in connection with the Issuer's daily operations will be for the account of the Issuer.

### **Item 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS:**

**3.1 Compensation and Securities Held** - Using the following table, provide the specified information about each director, officer and promoter of the issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the issuer (a "principal holder"). If the principal holder is not an individual, state in a note to the table the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of	Positions held (e.g., director, officer,	Compensation paid by issuer in the most	Number, type and percentage of	Number, type and percentage of
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principal residence	promoter and/or principal holder) and the date of obtaining that position	recently completed financial year(or, if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year	securities of the issuer held after completion of min. offering	securities of the issuer held after completion of max. offering
598016 B.C. Limited, Victoria BC	Principal Holder - Nov. 7/05	Nil	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issue)	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issue)
Lone Eagle Holdings Ltd., Victoria BC	Principal Holder - Nov. 7/05	Nil	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)
598018 B.C. Limited, Victoria BC	Principal Holder - Nov. 7/05	Nil	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issue) 21,608 Class "A" Shares (1.59 % of the Issue)	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issue) 21,608 Class "A" Shares (1.59 % of the Issue)
Len Shorkey Victoria BC	Principal holder Director Secretary – March 12, 2008	Nil	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)
Concord Financial Corporation, Vancouver BC	Principal Holder - Nov. 7/05	Nil	40,000 Class "B" shares (16.66% of the Class "B" shares of the Issuer)	40,000 Class "B" shares (16.66% of the Class "B" shares of the Issuer)
Ladybug Mortgage Ltd., Victoria BC	Principal Holder - Nov. 7/05	Nil	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)	40,000 Class "B" shares (16.66% of the Class "B" shs of the Issuer)
Rory H. Campbell, Victoria BC	Director – Nov. 15/05 President – Nov. 15/05	Nil	75,277 Class "A" shares (5.55% of the Class "A" shares of the Issuer)	75,277 Class "A" shares (5.55% of the Class "A" shares of the Issuer)
Walter R. Neufeld, Victoria BC	Director – Nov. 15/05 Vice President – Nov. 15/05	Nil	21,608 Class "A" shares (1.59% of the Class "A" shares of the Issuer)	21,608 Class "A" shares (1.59% of the Class "A" shares of the Issuer)
Paul E. Croy	Director – Nov. 15/05 Vice President – Nov. 15/05	Nil		
Jeffery A, Moses	Director – Nov. 15/05 Treasurer – Nov. 15/05	Nil		

## Notes to Table:

1. Rory H. Campbell directly or indirectly beneficially owns or controls more than 50% of the voting rights of 598016 B.C. Ltd.
2. Walter R. Neufeld directly or indirectly beneficially owns or controls more than 50% of the voting rights of Lone Eagle Holdings Ltd.
3. Jeffery A. Moses directly or indirectly beneficially owns or controls more than 50% of the voting rights of 598018 B.C. Ltd.
4. Michael G. Balakshin directly or indirectly beneficially owns or controls more than 50% of the voting rights of Concord Financial Corporation.
5. Paul E. Croy directly or indirectly beneficially owns or controls more than 50% of the voting rights of Ladybug Mortgage Ltd.

**3.2 Management Experience** - Using the following table, disclose the principal occupations of the directors and senior officers over the past five years. In addition, for each individual, describe any relevant experience in a business similar to the issuer's.

Name	Principal occupation and related experience
RORY H. CAMPBELL	Mortgage Broker
WALTER R. NEUFELD	Mortgage Broker
JEFFERY A. MOSES	Mortgage Broker
LEN SHORKEY	Mortgage Broker
PAUL E. CROY	Mortgage Broker

**3.3 Penalties, Sanctions and Bankruptcy**

(a) There is no penalty or sanction that has been in effect during the last 10 years against

- (i) a director, senior officer or control person of the issuer, or
- (ii) an issuer of which a person or company referred to in (i) above was a director, senior officer or control person at the time,

other than a Consent Order under the Mortgage Brokers Act against Walter Rodney Neufeld and Great Pacific Mortgage & Investments Ltd. for late filing of applications under such Act for registration as a Mortgage Investment Corporation. Costs of \$823.50 and an administrative penalty of \$2,000.00 were paid by Walter Rodney Neufeld in October 2003. And a consent order under the Mortgage Brokers Act against Michael George Balakshin for not disclosing a second appraisal report that was specifically prepared for the first mortgage holder, to the second and third mortgage holders in 1997. As a penalty, Michael George Balakshin had his sub-mortgage brokers registration suspended for a period of two weeks.

(b) No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any

- (i) director, senior officer or control person of the issuer, or
- (ii) issuer of which a person or company referred to in (i) above was a director, senior officer or control person at that time.

Other than Lennerd Gerald John Shorkey was discharged from personal bankruptcy in May of 2003.

**Item 4 CAPITAL STRUCTURE**

**4.1 Share Capital**

Description of security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering
Class "A"	500,000,000	1,356,395	1,356,395	11,356,395
Class "B"	500,000,000	240,000	240,000	240,000

**4.2 Long Term Debt** - Using the following table, provide the required information about outstanding long term debt of the issuer. If the securities being offered are debt securities, add a column to the table disclosing the amount of debt that will be outstanding after both the minimum and maximum offering. if the debt is owed to a related party, indicate that in a note to the table and identify the related party.

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at [a date not more than 30 days prior to the offering memorandum date]
N/A			\$ 0.00

**4.3 Prior Sales** -If the issuer has issued any securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the last 12 months, use the following table to provide the information specified. If securities were issued for assets or services, describe in a note to the table the assets or services that were provided.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
Since Mar. 1/08 to Feb. 28/09 – Various dates of issuance	Class “A” Shares	549,770 Class A shares	\$1.00 per Class “A” share	\$549,770.00
Since Mar. 1/08 to Feb. 28/09 – Date of Issuance - December 31, 2009	Class “A” Shares	84,794 Class A Shares	\$1.00 per Class “A” share	Nil – Dividends paid by way of shares

## **Item 5 SECURITIES OFFERED**

### **5.1 Terms of Securities:**

- (a) Each Class “A” share carries one vote. Each Class “B” (note: Class “B” Shares are NOT the subject of this Offering Memorandum) share carries 1,000 votes.
- (b) There are no conversion or exercise prices.
- (c) There are no redemption or retraction rights specified in the Articles. There will be no charge for the first redemption of shares by a Shareholder during any calendar year. All subsequent redemptions by the Shareholder, during the same calendar year, will be subject to a \$50.00 administration fee.
- (d) The holders of all the Class “A” shares are entitled to receive pari passu all of the regular dividends declared by the directors, usually quarterly. Dividends are payable in cash or in shares, or partly in cash and partly in shares, at the option of the shareholder. The Directors may declare a dividend on one class of shares to the exclusion of another class of shares.

### **5.2 Subscription Procedure:**

- (a) All subscribers for Class “A” Shares will be required to execute:
- (i) the Subscription Agreement with the Issuer. A copy of the Subscription Agreement is provided herewith;
  - (ii) the Risk Acknowledgment Form. A copy of the Risk Acknowledgment Form is provided herewith.
- (b) The consideration paid by subscribers for Class “A” Shares will not be negotiated until midnight of the second business day after the subscriber signs the Subscription Agreement and pays the consideration required thereunder.
- (c) Conditions to closing: receipt of Subscription Price as per the Subscription Agreement signed by the Issuer and the subscriber.

## **Item 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

### **6.1 Tax Consequences:**

**YOU SHOULD CONSULT YOUR OWN PROFESSIONAL ADVISERS TO OBTAIN ADVICE ON THE INCOME TAX CONSEQUENCES THAT APPLY TO YOU.**

The following is a summary, reviewed and updated by Lee and Sharpe, Chartered Accountants, of the income tax consequences under the laws of Canada of acquiring, holding and disposing of the Shares of a MIC. The income tax consequences may not be the same for all investors but may vary depending on a number of factors, including whether the investor is an individual, a trust or a corporation, the province of residence of the investor, and whether the investors' Shares are characterised as capital property. The following discussion of the income tax consequences is therefore of a general nature only, is not intended to constitute a complete analysis of all the income tax consequences and should not be interpreted as legal or tax advice to any particular investors.

The comments in this summary are restricted to the case of an investor who acquires Shares as capital property and who is resident in Canada for the purposes of the Income Tax Act (Canada) (the "Tax Act"). The summary does not take into account tax laws of a province or territory of Canada or of any jurisdiction outside Canada.

This summary is based upon the current provisions of the Tax Act consolidated as of February 1, 2004.

## **6.2 Scheme of Provisions**

The Tax Act contains a number of provisions that enable investors to "pool" their funds through investing in special corporations that are treated in a manner that avoids the two-tiered taxation normally applicable to shareholders of a Company in respect of distributions of that company's profits. This result is achieved by effectively treating these special corporations as a conduit so that an investor is put in the same position from an income tax perspective as if the corporation's investment had been made directly by the Investor.

A MIC is one of these special types of corporations.

## **6.3 Definition of a MIC**

A number of requirements must have been met throughout the year in order for a corporation (herein referred to as the "Issuer") to qualify as a MIC under the Tax Act for that year. If the following requirements are met throughout a particular year, a corporation will qualify for MIC status that year:

- (a) Canadian Corporation - the Issuer must have been a Canadian corporation, which generally means a corporation incorporated and resident in Canada.
- (b) Undertaking - the Issuer's only undertaking was the "investing of funds of the Issuer". The Issuer cannot have managed or developed any real property.
- (c) 50% Asset Test - at least 50% of the "cost amount", as defined in the Tax Act, to the Issuer of all of its property must have consisted of the Issuer's money, debts owing to the Issuer that were secured on certain specified residential properties, and any deposit standing to the Issuer's credit in the records of a bank or other certain specified financial institutions.
- (d) 25% Asset Test - the "cost amount" to the Issuer of all of its real property including leasehold interest in such property, other than real property acquired by foreclosure or otherwise after default made on a mortgage, hypothecation or agreement for sale of real property, must not have exceeded 25% of the "cost amount" to the Issuer of all of its property. The limit is designed to ensure that the primary intention of the Issuer's investment was directed towards residential mortgages.
- (e) Prohibited Foreign Investment - none of the property of the Issuer consists of debts owing to the Issuer that were secured on real property situated outside Canada, debts owing to the Issuer by non resident persons unless secured on real property situated in Canada, shares of the capital stock of Issuers not resident in Canada, real property situated outside Canada, or any leasehold interest in real property situated outside Canada.
- (f) Shareholder Requirements - the Issuer must have at least 20 shareholders, and no one shareholder held more than 25% of the issued shares of any class of the capital stock of the Issuer. For the purposes of this requirement, a registered pension plan or a deferred profit sharing plan is counted as four shareholders. A trust governed by a registered retirement savings plan is counted as one shareholder.

(g) Classes of Shareholders - any holders of preferred shares (as defined in the Tax Act) of the Issuer must have the right after payment to them of their dividends, and payment of dividends in a like amount per share to the holders of common shares of the Issuer, to participate *pari passu* with the holders of the common shares in any further payment of dividends.

(h) Debt to Equity Ratio - the Issuer is restricted to borrowing a maximum of three times its equity capital unless at least two-thirds of the book value of its investments are mortgages secured on Canadian residential property, the company's money, and specified deposits, in which case the maximum borrowing is five times its equity capital.

#### **6.4 Taxation of Issuer**

This discussion, and the discussion that follows under subsequent headings, is based on the assumption that the Issuer qualifies as a MIC under the Tax Act at all relevant times.

A MIC, as a general rule, is subject to tax on the same basis as any Canadian public corporation. However, special rules relating to a MIC enable it to reduce its federal taxable income in the year if, during the year or within 90 days after the end of the year, it distributed all of its capital gains arising in the year by way of "capital gains dividends" and all of its other income by way of taxable dividends. More specifically, the Issuer is entitled to deduct from its federal taxable income the total of:

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

If all of the Issuer's federal taxable income for the year is distributed in this manner, no federal tax is payable by the Issuer for that year. The elimination of provincial tax depends on relevant provincial legislation. For example, in British Columbia no corporate income tax would be payable if the Issuer's federal taxable income was zero because the Issuer's income taxes for British Columbia's income tax purposes is calculated by reference to its taxable income for federal tax purposes.

Because of the permitted deductions outlined above, the Issuer is not entitled to the deduction in respect of taxable dividends the Issuer receives from other taxable Canadian corporations.

The Issuer must elect in order to distribute its capital gains as capital gains dividends. The election must be made in a prescribed manner and by a prescribed time. The total capital gains dividends that may be paid by the Issuer for a year is limited to the extent of twice the Issuer's "taxable capital gains" for the year less its allowable capital losses for the year and any "net allowable capital losses" of prior years that are carried forward and deducted in the year. A special tax is imposed on the Issuer if the capital gains dividends exceed this limit. However, there is a special election procedure, whereby this tax can be avoided in certain circumstances if the excess of the dividend is elected to be treated as a separate taxable dividend.

#### **6.5 Taxation of Shareholders**

(a) Capital Gains Dividends - a capital gains dividend received by a Canadian resident shareholder is not included as dividend income of the shareholder, but rather is deemed to be a capital gain of the shareholder for the year from "a disposition of capital property".

Thus, with respect to capital gains realised by the Issuer, the Issuer serves effectively as a conduit only interposed between the investor and the underlying investment. The result is only achieved, however, if the property capital gains dividends are paid by the Issuer within the required time, and the proper elections are made by the Issuer in prescribed form and by the proper time. If the capital gains dividends are not paid in this manner, the capital gains realised by the Issuer are taxable to the Issuer as they would be in the case of any public company. Because the Issuer will have no "capital dividend account", the combined corporate and shareholder tax (when the amounts are paid out to the Investor as taxable dividends) could be significantly greater than if the

conduit mechanism was used.

(b) Taxable Dividends (Other than Capital Gains Dividends) - dividends other than capital gains dividends paid by the Issuer are not included in the income of a shareholder as taxable dividends, but rather are deemed to have been received by the shareholder as interest income payable on a bond issued by the Issuer after 1971. Accordingly, the "gross-up/dividend tax credit" mechanism provided in the Tax Act does not apply to taxable dividends paid by the Issuer to Canadian resident individual shareholders. Canadian resident corporate shareholders are not entitled to deduct the amount of a taxable dividend received from a MIC in computing taxable income.

If the Issuer distributes all of its income, it is again effectively treated as a conduit between the investor and the underlying investment, at least with respect to rental and interest income earned. As is the case with capital gains dividends, if the Issuer does not distribute all of its income within the required time by way of taxable dividends, the income remains taxable in the Issuer in the same manner as any other public corporation. When amounts are subsequently distributed to the shareholders through the payment of taxable dividends, the combined corporate and shareholder tax may be significantly higher than if the conduit mechanisms was used.

(c) Disposition of Shares - assuming the Shares are capital property to the investor, the usual rules in determining capital gains and capital losses apply on the disposition of those Shares as would apply on similar shares of any other public corporation. Certain taxpayers, such as securities dealers and those who have acquired the Shares in the course of a business of buying and selling shares or in a transaction that is an "adventure in the nature of trade", would not be considered to be holder of the Shares as capital property.

One half of any capital gain that is realised on the disposition of the Shares will be included in the shareholder's income. Any amount that is deemed to be interest or a capital gains dividend on the redemption or other acquisition of the Shares by the Issuer is not included in determining the proceeds of disposition of the Shares for capital gains purposes.

(d) Deferred Income Plans - the Shares are qualified investments for trusts governed by Registered Retirement Savings Plans, Deferred Profit Sharing Plans and Registered Retirement Income Funds at the particular time if the Issuer qualified as a MIC under the Tax Act, and if, throughout the calendar year in which the particular time occurs, the Issuer 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 an employer, as the case may be, under the governing plan trust, or of any other person who does not deal at arm's length with that person.

(e) Non-Resident Shareholders - shareholders who are considered to be non-resident of Canada are subject to the following rule in the Tax Act:

Any taxable dividends paid from the Issuer to a non-resident shareholder would be subject to a Canadian withholding tax at a maximum rate of 25% of the taxable dividend paid. This rate may be reduced if Canada has ratified a bilateral income tax treaty with the country in which the shareholder is resident.

## **Item 7 COMPENSATION PAID TO SELLERS AND FINDERS**

If you wish to purchase Class "A" Shares from a dealer, you will elect to pay sales charges under either of the following options:

- a) Depending upon negotiations with your dealer, you may be charged by the dealer a sales commission ranging from 0% to 5% of the total price you pay for your Class "A" Shares. You will, at the time of purchase, pay your dealer the amount of sales commission agreed upon with your dealer (the "Sales Charge Option"), or
- (b) The Company will pay to your dealer a sales commission of 3% of the total price you paid for your Class "A" Shares. If you redeem your Class "A" Shares within the first year of purchase, you will pay to the Company a charge of 4.5% of the total price you paid for your Class "A" Shares. This charge declines annually by 0.5% until the charge is 0% at the end of year six. (the "Deferred Sales Charge Option")

If you purchase Class "A" Shares from a dealer, the Company may elect to pay compensation to the dealer as follows:

- (a) The Company may pay to a dealer, on a quarterly basis, a trailing commission of 1/2 of 1% per

annum of average shareholdings of the Class "A" Shares you acquired under the Sales Charge Option.

(b) The Company may pay to a dealer, on a quarterly basis, a trailing commission of 1% per annum on average of shareholdings of the Class "A" Shares you acquired under the Deferred Sales Charge Option.

**Item 8 RISK FACTORS:**

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer's securities.

- (a) Investment Risk -
  - no market or an illiquid market for the securities,
  - resale restrictions, and
  - subordination of debt securities.
- (b) Issuer Risk -
  - dependence on key employees, suppliers or agreements,
  - litigation, and
  - political risk factors.
- (c) Industry Risk -
  - downturn in economy,
  - environmental and industry regulation,
  - product obsolescence, and
  - competition.

**Item 9 REPORTING OBLIGATIONS:**

9.1 Documents that will be sent to purchasers on an annual or on-going basis:

- annual audited financial statements, and
- quarterly dividend reports.

9.2 The Issuer is required to file Reports of Exempt Distributions with the British Columbia Securities Commission on a regular basis, as distributions dictate. Certain information about such reports are available on the Commission's website: [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

**Item 10 RESALE RESTRICTIONS:**

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

10.2 Restricted Period: Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

10.3 You may never be able to sell these securities.

**Item 11 PURCHASERS' RIGHTS:**

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

11.1 Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

11.2 Statutory Rights of Action in the Event of a Misrepresentation – If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against (i) the Issuer, (ii) every director of the issuer as at the date of this Offering

Memorandum, and (iii) every person who has signed this Offering Memorandum.

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

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you first had knowledge of the facts giving rise to the cause of action. You must commence your action for damages within 3 years after the date of the transaction that gave rise to the cause of action.

**Item 12 FINANCIAL STATEMENTS:**

Include all financial statements required in the offering memorandum immediately before the certificate page of the offering memorandum.

**CERTIFICATE**

Dated: March 26, 2009

THIS OFFERING MEMORANDUM DOES NOT CONTAIN A MISREPRESENTATION.

GP MIC FUND LTD.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

PROMOTERS:

\_\_\_\_\_  
Rory H. Campbell

\_\_\_\_\_  
Walter R. Neufeld

\_\_\_\_\_  
Jeffery A. Moses

\_\_\_\_\_  
Len Shorkey

\_\_\_\_\_  
Paul E. Croy

GP MIC FUND LTD.  
FINANCIAL STATEMENTS  
AUGUST 31, 2008

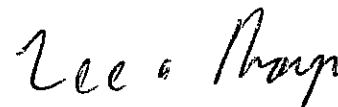
**AUDITORS' REPORT**

To the Directors of GP MIC Fund Ltd.

We have audited the balance sheet of GP MIC Fund Ltd. as at August 31, 2008 and the statement of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Mortgage Brokers Act, we report that no trust funds were handled or received and no funds were received that should have been held in trust during the year.



Victoria, B.C.  
October 10, 2008

Chartered Accountants

GP MIC FUND LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED AUGUST 31, 2008

	2008	2007
REVENUE	<u>\$ 231,920</u>	<u>\$ 104,820</u>
EXPENSES		
Bad debt	45,211	884
Provision for mortgage losses (Note 4)	19,024	16,938
Professional fees	5,500	9,097
License fees	1,000	-
Bank charges	240	102
Office and sundry	175	26
Insurance	<u>167</u>	<u>500</u>
	<u>71,317</u>	<u>27,547</u>
NET INCOME FOR THE YEAR	160,603	77,273
RETAINED EARNINGS, beginning of year	-	-
Class A dividends paid	<u>(160,603)</u>	<u>(77,273)</u>
RETAINED EARNINGS, end of year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

**GP MIC FUND LTD.**  
(Incorporated under the laws of British Columbia)

**BALANCE SHEET - AUGUST 31, 2008**

	2008	2007
<b>ASSETS</b>		
Current		
Cash	\$ 34,452	\$ 367,990
Interest receivable	22,170	6,480
Mortgages receivable (including \$38,103 provision for mortgage losses - Note 4)	<u>1,150,111</u>	<u>834,244</u>
	<u>\$ 1,206,733</u>	<u>\$ 1,208,714</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current		
Accounts payable and accrued liabilities	5,893	5,000
Interest received in advance (Note 5)	4,550	3,532
Refundable performance bonus (Note 6)	<u>9,500</u>	<u>7,000</u>
	<u>19,943</u>	<u>15,532</u>
Shareholders' equity		
Share capital (Note 8)	<u>1,186,790</u>	<u>1,193,182</u>
	<u>\$ 1,206,733</u>	<u>\$ 1,208,714</u>

Approved by the Directors

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**GP MIC FUND LTD.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED AUGUST 31, 2008**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	\$ 160,603	\$ 77,273
Items not affecting cash:		
Bad debt	45,211	884
Mortgage loss provision	<u>19,024</u>	<u>16,938</u>
	<u>224,838</u>	<u>95,095</u>
Cash provided by (used for) non-cash working capital items:		
Interest receivable	(15,692)	(4,355)
Accounts payable and accrued liabilities	894	5,000
Interest received in advance	1,018	(2,168)
Refundable performance bonus	<u>2,500</u>	<u>5,000</u>
	<u>213,558</u>	<u>98,572</u>
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Increase in mortgages receivable	<u>(380,101)</u>	<u>(609,207)</u>
<b>CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Cash dividends paid	(37,505)	(15,389)
Shares issued for cash	361,434	809,827
Shares redeemed for cash	<u>(490,924)</u>	<u>(11,158)</u>
	<u>(166,995)</u>	<u>783,280</u>
<b>INCREASE (DECREASE) DURING THE YEAR</b>	<b>(333,538)</b>	<b>272,645</b>
CASH, beginning of year	<u>367,990</u>	<u>95,345</u>
CASH, end of year	<u>\$ 34,452</u>	<u>\$ 367,990</u>

(See accompanying notes)

## GP MIC FUND LTD.

### NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

#### Note 1 - Nature of Business

The Company was incorporated on October 18, 2005 under the Business Corporations Act of British Columbia for the purpose of operating as a Mortgage Investment Corporation (MIC) as defined in the Income Tax Act.

#### Note 2 - Significant Accounting Policies

##### Adoption of new accounting policies

The Canadian Institute of Chartered Accountants has issued recommendations for the recognition, measurement, and disclosure of financial instruments. Specifically, Section 3855 "Financial Instruments-Recognition and Measurement" and Section 3861 "Financial Instruments-Disclosure and Presentation" establish standards for the recognition, classification, measurement, presentation, and disclosure of financial assets, financial liabilities, and non-financial derivatives. The Company adopted these Sections effective September 1, 2007 and has designated its financial instruments as being held to maturity. Aside from required disclosures, this treatment does not impact the carrying value of the financial instruments.

##### Mortgages Receivable

Mortgages are recorded at cost, which approximates fair market value, given that any restructuring of the existing portfolio of loans would be made at the same or similar rates, and given the short maturities of the loans.

When a mortgage is identified as impaired, recognition of interest income in accordance with the terms of the original agreement ceases and the carrying amount becomes the lower of the recorded investment and the estimated realizable value.

##### Revenue Recognition

Interest is accrued on mortgage investments in the period in which the interest becomes payable under the terms of the mortgage. Interest is not accrued on mortgages that are identified as impaired. Other fees, including mortgage fees, are recognized as income as services are provided.

##### Income taxes

The Company is a Mortgage Investment Corporation as defined in the Income Tax Act. As such, the Company is not taxable on income which flows through to shareholders in the form of dividends paid on or before 90 days after the Company's fiscal year-end. It is the Company's policy to always flow income earned out to shareholders in the form of dividends. It is therefore unlikely that the Company will ever pay income tax.

## GP MIC FUND LTD.

### NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

#### Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates, which are subject to measurement uncertainty, include the determination of mortgage impairments, the provision for mortgage losses, and the determination of mortgage fair market value.

#### Future accounting pronouncements

The CICA has issued three new accounting standards, which are effective for fiscal periods beginning on or after October 1, 2007. Specifically, Section 1535 "Capital Disclosures", Section 3862 "Financial Instruments - Disclosures", and Section 3865 "Financial Instruments - Presentation". These new accounting standards will be reviewed by the Company's management to determine what, if any, implications these new pronouncements may have on the financial statements of the Company.

#### Note 3 - Financial Instruments

##### Fair value of financial instruments

The carrying amount of current financial assets and current financial liabilities approximate their fair market value because of the short-term maturities of these items.

##### Interest rate price risk

Interest rate price risk arises from the possibility that at the end of a mortgage's term it will be re-priced to a prevailing interest rate lower than the original one. This risk is mitigated by the fact that the Company is generally not subject to market pressure in respect of interest rates because there is no specific market for mortgages of similar type, term and credit risk.

##### Credit risk

Credit risk arises from the possibility that mortgagors may experience financial difficulty and be unable to fulfil their mortgage commitments. The Company mitigates this risk by having lending policies in place that ensure mortgages are secured and by limiting its exposure to any one mortgagor.

There are no significant concentrations of credit risk as the average individual mortgage receivable balance in the Company's portfolio as at August 31, 2008 was \$104,556 (2007 - \$71,110) and the largest individual mortgage balance receivable was \$253,000 (2007 - \$199,346).

GP MIC FUND LTD.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

Note 4 - Mortgages Receivable

Interest Rates	Number of mortgages	Amortized Cost	Current Value
12-13%	2	\$ 264,714	\$ 264,714
14-15%	4	371,900	371,900
16-17%	2	148,600	148,600
18-19%	3	403,000	403,000
Provision	-	(38,103)	(38,103)
	<u>11</u>	<u>\$ 1,150,111</u>	<u>\$ 1,150,111</u>

Mortgages are conventional mortgages on residential (87.7% of portfolio) and commercial (12.3% of portfolio) property with terms to maturity ranging from 2 to 12 months.

Upon review of the mortgage portfolio, management has set up a cumulative provision for mortgage losses in the amount of \$38,103 to recognize mortgages where the probability of full recoverability is uncertain.

Note 5 - Interest Received In Advance

Interest is received in advance on certain mortgages. This interest is taken into revenue monthly based on the terms of the specific mortgage.

Note 6 - Refundable Performance Bonus

The refundable performance bonus is a contracted amount received by the Company as compensation when a mortgage is issued. The bonus is repaid to the borrower when the mortgage is repaid. In the event the mortgage defaults, the amount is taken into revenue at that time. Amounts held as refundable performance bonus are non-interest bearing.

Note 7 - Commitments

As at year end, the Company was committed to funding the remaining \$85,000 of a \$150,000 draw mortgage and \$75,000 of a draw mortgage approved before year-end, but not paid until after year-end.

GP MIC FUND LTD.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2008

Note 8 - Share Capital

Authorized

500,000,000 Class A redeemable, voting shares without par value, one vote per share

500,000,000 Class B voting shares without par value, 1,000 votes per share

Issued

1,162,790 Class A shares (Note 9)	1,162,790	1,169,182
240,000 Class B shares	<u>24,000</u>	<u>24,000</u>
	<u>1,186,790</u>	<u>1,193,182</u>

Note 9 - Changes In Share Capital

Details of changes in the issued Class A shares are as follows:

	Number	2008 Amount	2007 Amount
Balance, beginning of year	1,169,182	\$ 1,169,182	\$ 308,629
Stock dividends	123,098	123,098	61,884
Shares issued for cash	361,434	361,434	809,827
Shares redeemed for cash	<u>(490,924)</u>	<u>(490,924)</u>	<u>(11,158)</u>
Balance, end of year	<u>1,162,790</u>	<u>\$ 1,162,790</u>	<u>\$ 1,169,182</u>

Note 10 - Related Party Transactions

The Company and Great Pacific Mortgage Investments Ltd. (GPMI) share common officers and directors. Under a financial services agreement, GPMI is entitled under contract to a fee equal to 2.5% per annum of the outstanding balance of the portfolio. For the year ending August 31, 2008, GPMI has waived its right to collect this fee. As of September 1, 2008, GPMI will be collecting this fee.

Note 11 - Comparative figures

The comparative figures were audited by the previous auditor and have been reclassified for presentation purposes.

**GP MIC Fund Ltd.**  
**Financial Statements**  
**For the period ended August 31, 2006**

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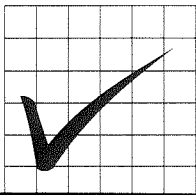
**GP MIC Fund Ltd.**  
**Financial Statements**  
For the period ended August 31, 2006

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Statement of Cash Flows	6
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Notes to Financial Statements	8



*Crawford Paterson Campbell & McNeill*

CHARTERED ACCOUNTANTS

## Auditors' Report

**To the Shareholder of  
GP MIC Fund Ltd.**

We have audited the balance sheet of GP MIC Fund Ltd. as at August 31, 2006 and the statements of operations and retained earnings and cash flows for the period from the date of incorporation, October 18, 2005, to August 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2006 and the results of its operations and the changes in its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Mortgage Brokers Act, we report that, no trust funds were handled or received and no funds were received that should have been held in trust during the year.

*Crawford Paterson Campbell & McNeill*

Chartered Accountants

Victoria, BC  
October 11, 2006

James Crawford, CA\*    Kent Campbell, CA\*    Grant McNeill, CA\*    Lynda Mason, CA\*    David Paterson, FCA (retired)

400 - 1208 WHARF STREET, VICTORIA, B.C. CANADA V8W 3B9  
**TELEPHONE: (250) 386-1115    FAX: (250) 386-4797**

\* denotes incorporated



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**GP MIC Fund Ltd.**  
**Balance Sheet**

**August 31**

**2006**

**Assets**

**Current**

Cash	\$ 95,345
Interest receivable	2,125
Mortgage investments (including \$2,141 provision for mortgage losses) (Note 1)	<u>242,859</u>
	<u>\$ 340,329</u>

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**Liabilities and Shareholders' Equity**

**Current**

Refundable performance bonus (Note 2)	\$ 2,000
Interest reserve	<u>5,700</u>
	<u>7,700</u>

**Shareholders' equity**

Share capital (Note 3)	332,629
Retained earnings	<u>-</u>
	<u>332,629</u>
	<u>\$ 340,329</u>

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On behalf of the Board:

\_\_\_\_\_  
Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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**GP MIC Fund Ltd.**  
**Statement of Operations and Retained Earnings**

For the period ended August 31 (Note 5)

2006

Revenue	\$ 17,218
<b>Expenses</b>	
Bank charges	151
Office expenses	2,268
Professional fees	1,924
Provision for mortgage losses	2,141
	<u>6,484</u>
<b>Net income for the period</b>	10,734
Retained earnings, beginning of period	-
Dividends paid	<u>10,734</u>
<b>Retained earnings, end of period</b>	<u>\$ -</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**GP MIC Fund Ltd.**  
**Statement of Cash Flows**

For the period ended August 31 (Note 5)

2006

**Cash provided by (used in)**

**Operating activities**

Net income for the period	\$	10,734
Changes in non-cash working capital balances		
Accounts receivable		(2,125)
Refundable performance bonus		2,000
Interest reserve		5,700
		16,309

**Investing activities**

Increase in investments		(242,859)
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**Financing activities**

Dividends paid		(10,734)
Shares issued		332,629
		321,895

<b>Increase in cash during the period</b>		95,345
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Cash, beginning of period		-
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<b>Cash, end of period</b>	\$	95,345
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**Represented by**

Cash	\$	95,345
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**Supplemental Cash Flow Information**

Interest paid	\$	NIL
Income taxes paid	\$	NIL

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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**CP MIC Fund Ltd.**  
**Summary of Significant Accounting Policies**

**August 31, 2006**

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<b>Nature of Business</b>	The Company was incorporated on October 18, 2005 under the Business Corporations Act of British Columbia for the purpose of operating as a Mortgage Investment Corporation (MIC).
<b>Mortgage Investments</b>	Mortgage credit quality is assessed for reasonable assurance of timely collection of the full amount of principal and interest. When a mortgage is identified as impaired, recognition of interest income in accordance with the terms of the original agreement ceases and the carrying amount becomes the lower of the recorded investment and the estimated realizable amount.
<b>Income Taxes</b>	As long as the Company remains classified as a mortgage investment corporation under Section 130.1(6) of the Canadian Income Tax Act, taxable income is reduced by dividends paid during the year or within 90 days of the year end. As a result, the Company can distribute its net earnings to shareholders without the payment of corporate income tax.
<b>Revenue Recognition</b>	Interest is accrued on mortgage investments in the period in which the interest becomes payable under the terms of the mortgage. Mortgage investments are generally for less than a one year term and, therefore, loan fees are recognized in the year received.
<b>Measurement Uncertainty</b>	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates used in the preparation of financial statements.
<b>Financial Instruments</b>	<p>The Company's financial instruments consist of cash, interest receivable, mortgage investments, interest reserve and refundable performance bonus. The carrying value of these financial instruments approximate their fair market value due to their immediate or short-term maturity.</p> <p>The Company does not have any significant concentration of interest or credit risk.</p>

**CP MIC Fund Ltd.**  
**Notes to Financial Statements**

**August 31, 2006**

**1. Mortgage Investments**

The mortgage investments of \$245,000, less a \$2,141 provision for losses, consist of term financing for residential and commercial projects. The mortgages bear interest at the rate of 16% - 18% per annum and are due within six months.

**2. Refundable Performance Bonus**

Refundable performance bonus is a contracted amount received by the Company at the onset of the mortgage. The bonus may be repaid to the borrower when the mortgage is repaid.

**3. Share Capital**

Authorized:  
500,000,000 Class A Common voting shares, no par value, one vote per share.  
500,000,000 Class B Common voting shares, no par value, 1,000 votes per share

		<b>2006</b>
Issued:		
308,629 Class A shares		\$ 308,629
240,000 Class B shares		24,000
		<b>\$ 332,629</b>

**Class A Shares**

	Shares		Amount
Shares outstanding at the beginning of the period	-	\$	-
Issued	308,629		308,629
Redeemed	-		-
Shares outstanding at the end of the period	308,629	\$	308,629

**4. Related Party Transaction**

The Company and Great Pacific Mortgage & Investments Ltd. (GPMI) are related by virtue of common officers and directors. Under a financial services agreement, GPMI is entitled to a fee equal to 2.5% per annum on the outstanding balance of the portfolio. As of August 31, 2006, GPMI has waived its right to collect this fee until further notice.

**5. Comparative Figures and Fiscal Period**

These financial statements are for the period from the date of incorporation, October 18, 2005, to August 31, 2006. Hence, there are no comparative figures.