

OFFERING MEMORANDUM

ACCREDIT MORTGAGE LTD.

Date: **June 5, 2025**

THE ISSUER:

Name: **ACCREDIT MORTGAGE LTD.** (the “**Issuer**”, “**we**”, or “**us**”)

Head office: 101 – 835 View Street
Victoria, B.C. V8W 3W8
Phone #: 250-361-4775 Toll Free: 1-800-667-0440
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Currently listed or quoted? No. **These securities do not trade on any exchange or market.**

Reporting issuer? No

SEDAR filer? No

THE OFFERING:

Securities offered: Class “A” shares

Price per security: \$1.31 per Class “A” share

Minimum offering: **There is no minimum offering. You may be the only purchaser.**

Maximum offering: Up to \$20,000,000. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: \$25,000.00

Payment terms: Upon subscription by cheque drawn on a recognized financial institution or in such other manner as the Issuer in its sole discretion may accept.

Proposed closing date(s): Closings will generally occur two business days after the receipt by the Issuer of a completed Subscription Agreement, all related documentation and payment. Other closings will take place periodically on dates approved by the Issuer in its sole discretion with the final closing occurring upon the Issuer achieving the maximum offering.

Income tax consequences: There are important tax consequences to these securities. See Item 6.

Selling agent: Great Pacific Mortgage & Investments Ltd. (“**Great Pacific**”). See Items 2.1, 2.3, 2.7 and 7.

RESALE RESTRICTIONS:

You will be restricted from selling your securities for an indefinite period. See Item 5.1(c), Item 8 and Item 10.

PURCHASER’S RIGHTS:

You have two business days after making payment 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 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 8.

The Subscription Agreement, Acknowledgement of Risk Form, Financial Statements, and information required under federal anti-money laundering and anti-terrorist financing legislation are attached hereto and should be considered part of this Offering Memorandum.

Warning: A holder of shares in the Issuer is not entitled to borrow money from the Issuer or covenant the payment of money borrowed from the Issuer by other persons. Accordingly, when subscribing for shares each purchaser represents and warrants to the Issuer that (s)he or it is not a borrower of money from, or a covenantor for the payment of money borrowed by other persons from the Issuer, and (s)he or it will not, as long as (s)he or it is a holder of shares of the Issuer, become such a borrower or covenantor.

This Offering Memorandum has been prepared by the Issuer in connection with the distribution of securities of the Issuer on a private placement basis pursuant to exemptions from applicable prospectus requirements under National Instrument 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*.

To ensure you understand the information contained herein, we recommend you consult such legal, tax, investment or other advisers as you see fit, especially to confirm the eligibility of the securities offered herein for your Registered Retirement Savings Plan and other Tax Deferred or Savings Plans.

This Offering Memorandum is not, and is not intended to be, considered a prospectus or public offering under the securities or similar legislation of any jurisdiction in Canada, neither is it an advertisement for the sale of the securities described herein.

The information and representations contained herein constitute the basis on which the securities described herein are offered for sale by the Issuer. No other information or representations whether oral or written, made by any person or persons have been authorized by the Issuer and, if made, they cannot be relied on. The business and affairs of the Issuer are dynamic and change daily in the course of normal operations, the information in this document is accurate as at the date hereof. Any material change in the nature of the Issuer's business and operations may result in the withdrawal, amendment and/or updating of this Offering Memorandum.

The securities described herein are offered only in those jurisdictions, and to those persons, where, and to whom, they may be lawfully offered for sale. As at the date of this Offering Memorandum, subscriptions will only be accepted from persons resident in the Provinces of British Columbia and Ontario. A Subscription Agreement and related documentation must be completed and provided to the Issuer, along with payment.

TABLE OF CONTENTS

Page No.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	1
Item 1: USE OF AVAILABLE FUNDS	2
1.1 <i>Funds</i>	2
1.2 <i>Use of Available Funds.....</i>	2
1.3 <i>Reallocation.....</i>	2
Item 2: BUSINESS OF ACCREDIT MORTGAGE LTD.	2
2.1 <i>Structure</i>	2
2.2 <i>Our Business</i>	3
2.3 <i>Development of Business</i>	4
2.4 <i>Long Term Objectives</i>	4
2.5 <i>Short Term Objectives and How We Intend to Achieve Them.....</i>	4
2.6 <i>Insufficient Proceeds</i>	4
2.7 <i>Material Agreements</i>	5
Item 3: DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	6
3.1 <i>Compensation and Securities Held</i>	6
3.2 <i>Management Experience.....</i>	9
3.3 <i>Penalties, Sanctions and Bankruptcy</i>	10
3.4 <i>Loans.....</i>	10
Item 4: CAPITAL STRUCTURE	10
4.1 <i>Share Capital.....</i>	10
4.2 <i>Long Term Debt.....</i>	10
4.3 <i>Prior Sales.....</i>	10
Item 5: SECURITIES OFFERED	11
5.1 <i>Terms of Securities.....</i>	11
5.2 <i>Subscription Procedure</i>	12
Item 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY	13
6.1 <i>Tax Consequences.....</i>	13
6.2 <i>Scheme of Provisions.....</i>	13
6.3 <i>Definition of a MIC.....</i>	13
6.4 <i>Taxation of the Issuer.....</i>	14
6.5 <i>Taxation of Shareholders</i>	14
6.6 <i>RRSP, RRIF, RESP, TFSA Eligibility</i>	15
Item 7: COMPENSATION PAID TO SELLERS AND FINDERS	16
Item 8: RISK FACTORS.....	16
Item 9: REPORTING OBLIGATIONS	18
Item 10: RESALE RESTRICTIONS	18
Item 11: PURCHASERS' RIGHTS	18
11.1 <i>Two Day Cancellation Right</i>	18
11.2 <i>Statutory Rights of Action in the Event of a Misrepresentation</i>	18
Item 12: FINANCIAL STATEMENTS	19
CERTIFICATE	20

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements and information within the meaning of applicable securities laws, which reflect current expectations of management of the Issuer regarding future events or the Issuer's future performance. When used in this Offering Memorandum, such statements and information use words such as "may", "will", "expect", "believes", "plan", "could", "should", "anticipate", "continue", "estimate", "intend", "potential", "predict", "project", and other similar terminology. All statements other than statements of historical fact contained in this Offering Memorandum may be forward-looking statements or information. Forward-looking statements and information involve significant known and unknown risks, uncertainties and other factors, are not and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such results will be achieved. Such risks, uncertainties and other factors could cause actual results to differ materially from those anticipated in these forward-looking statements and information, including, but not limited to, the factors discussed under Item 8. The forward-looking statements and information in this Offering Memorandum are based on certain key expectations and assumptions made by the Issuer. Although the forward-looking statements and information contained in this Offering Memorandum are based upon what the Issuer believes are reasonable expectations and assumptions, undue reliance should not be placed on the forward-looking statements and information because the Issuer cannot assure investors that such expectations or assumptions are correct or that actual results will be consistent with these forward-looking statements.

Item 1: USE OF AVAILABLE FUNDS

1.1 Funds – The available funds from this offering are as follows:

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$ 0.00	\$ 20,000,000.00
B	Selling commissions and fees	\$ 0.00	\$ 1,400,000.00 ¹
C	Estimated offering costs (e.g., legal, accounting, audit)	\$ 0.00	\$ 5,000.00
D	Available funds: $D = A - (B+C)$	\$ 0.00	\$ 18,595,000.00
E	Additional sources of funding required	\$ 0.00	\$ 0.00
F	Working capital deficiency	\$ 0.00	\$ 0.00
G	Total proceeds available: $H = (D+E) - F$	\$ 0.00	\$ 18,595,000.00

1. See Item 7 for a description of the commissions and fees payable by investors or the Issuer.

1.2 Use of Available Funds - The following table provides a detailed breakdown of how the Issuer will use the available funds from this offering. None of the net proceeds will be paid to a related party other than fees payable to Great Pacific under the Financial Services Contract (as defined below) described under Item 2.7.

Description of intended use of available funds 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.	\$ 0.00	\$9,297,500 to \$18,595,000.00
Up to 50% of the net proceeds may be invested in industrial and commercial mortgages, land, or other eligible properties as defined under the <i>National Housing Act</i> (Canada), provided in all cases that such assets are permitted for mortgage investment corporations by the <i>Income Tax Act</i> (Canada)	\$ 0.00	\$0.00 to \$9,297,500.00
Total	\$0.00	\$18,595,000.00

Note: Because the Issuer has no working capital deficiency, has no plans to combine the funds raised through this offering with other sources, and does not plan to pay fees or commissions, other than to Great Pacific as noted herein, except in the circumstances noted in Item 7, the table above fully describes the intended use of funds received by the Issuer under this offering.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

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

See "Cautionary Statement Concerning Forward-Looking Statements" above.

Item 2: BUSINESS OF ACCREDIT MORTGAGE LTD.

2.1 Structure - Accredited Mortgage Ltd. (defined above as the "Issuer", "we" or "us") was incorporated under the *Company Act* (British Columbia) on May 26, 1994, under the name ACCREDIT MORTGAGE LTD., and was transitioned under the *Business Corporations Act* (British Columbia) on October 27, 2004. The registered and records offices of the Issuer are at 101 – 835 View Street, Victoria, British Columbia, V8W 3W8.

The financial services agent of the Issuer, Great Pacific Mortgage & Investments Ltd. (defined above as "Great Pacific"), is registered in British Columbia.

The Issuer is registered to carry on business as a Mortgage Investment Corporation (a "MIC") in the Province of British Columbia by the Ministry of Finance under the *Mortgage Brokers Act* (British Columbia) (Certificate Number

X027131). The Issuer may register, where required, to carry on business as a MIC in other provinces of Canada when, in its sole discretion, business conditions justify the expansion. The Office of the Registrar of Mortgage Brokers at the B.C. Financial Services Authority (BCFSA) regulates the mortgage brokering and lending activities of Mortgage Investment Corporations (MICs) under the *Mortgage Brokers Act* in British Columbia. The Registrar and the *Mortgage Brokers Act* do not regulate the capital raising and investment marketing activities of MICs which are subject to securities legislation and regulation.

The Issuer, in consultation with its legal advisers, has concluded that it is not an “investment fund” within the meaning of applicable securities laws in British Columbia, and that no person or company involved in advising the Issuer is in the business of advising in securities within the meaning of applicable securities laws. Therefore, none of the Issuer, Great Pacific or any other persons or companies employed by the Issuer or Great Pacific, involved in managing the business of the Issuer, or involved in advising the Issuer is registered or intends to seek registration with securities regulators as an investment fund manager or an adviser or in any other similar capacity. Great Pacific is registered with British Columbia Securities Commission (BCSC) as an Exempt Market Dealer (EMD) (NRD #37960) in order to permit Great Pacific to sell Class “A” shares of the Issuer and other MICs to which Great Pacific provides services pursuant to financial services contracts.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.2 Our Business - The Issuer operates as a MIC under the *Income Tax Act* (Canada). The Issuer will fund mortgage loans with a higher risk level than conventional lenders such as banks, credit unions and trust companies. A risk premium in the form of higher rates of interest and/or lender fees is charged for the extra administration and risk associated with atypical and non-standard mortgage loans. Its business is to obtain a source of income by investing in a portfolio of residential, commercial, construction and other mortgages. The Issuer had a consolidated retained earnings deficit (loss carry forward) at fiscal year-end 2024 of \$8.7 million.

The Issuer may employ leverage, as permitted by applicable legislation. It is not currently using the permitted leverage.

Under the *Income Tax Act*, MICs do not pay income taxes provided all of the net income is paid to the shareholders. Accredit may pay dividends to shareholders as declared by the Board of Directors. These dividends would be paid from cash in the company’s bank account. Some shareholders might elect to have the dividend reinvested into further shares of the company. Cash in the bank account arises from several sources including interest payments from outstanding mortgage loans, repayment of mortgages and funds as provided by new share purchases.

See paragraphs 2.3 and 2.4 below.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.2 (a) Capital Recovery – In the years following the 2008 financial crisis, Accredit has accumulated approximately \$23 million in losses as represented by the retained earnings deficit. These losses were as a result of payment of dividends to shareholders (\$14,493,467) along with write downs of mortgages and other assets held in the portfolio. As of September 30, 2024, the consolidated retained earnings deficit was approximately \$8.7 million that is, at present, held in a wholly owned subsidiary and not accessible to Accredit at this time.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.2 (b) The Plan - Accredit will continue to operate as a mortgage investment corporation (MIC).

However, once the additional retained earnings deficit becomes available to Accredit, Accredit, at its discretion, may retain earnings tax free until the retained earnings deficit is eliminated. In this circumstance, earnings generated from operations would not be distributed to shareholders but will be applied to reduce the retained earnings deficit. The effect of this will be to increase the net asset value of the class ‘A’ shares. From a taxation perspective, dividend income that would otherwise attract tax as interest income will now be taxed as capital gain at the time of disposition of the shares. Once the retained earnings deficit is eliminated, the net income will be distributed to shareholders as fully taxable income. The timing of this transition will be dependent upon the amount of capital available to be invested into mortgage investments, the ability of Great Pacific to source qualified mortgage investments and the yield that these investments generate.

2.2(c) Share Price Increases – As noted in The Plan, Section 2.2(b), the return to shareholders may be through increases to the share repurchase price.

The Share repurchase price increases from September 10, 2019 to March 15, 2024, are noted below.

September 10, 2019	\$0.96 per share
November 13, 2019	\$0.97 per share
March 4, 2020	\$0.99 per share
June 5, 2020	\$1.00 per share
September 12, 2020	\$1.01 per share

November 19, 2020	\$1.03 per share
March 10, 2021	\$1.05 per share
June 9, 2021	\$1.08 per share
August 18, 2021	\$1.10 per share
December 1, 2021	\$1.11 per share
March 1, 2022	\$1.13 per share
June 15, 2022	\$1.16 per share
September 7, 2022	\$1.18 per share
December 15, 2022	\$1.19 per share
March 15, 2023	\$1.21 per share
June 12, 2023	\$1.25 per share
September 15, 2023	\$1.27 per share
December 15, 2023	\$1.29 per share
March 15, 2024	\$1.31 per share

2.2 (d) Issuance and Repurchase Price of Class “A” Shares – The issuance and repurchase price is set at the discretion of the Board of Directors.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.3 Development of Business - The Issuer has contracted Great Pacific to source qualified investments and invest money in mortgages on behalf of the Issuer and administer same. See Item 2.7 for further information regarding the services provided to the Issuer by Great Pacific.

Great Pacific intends to develop the Issuer’s business through personal prospecting by its principals and brokers, referrals by clients or their professional advisers, limited media advertising and a website.

Great Pacific also works with other mortgage brokers who seek its assistance and/or advice.

The markets in which the MICs serviced by Great Pacific function rely on it locating prospective borrowers who cannot or do not wish to use conventional lending institutions. This business is essentially short term, higher interest, secured lending. It is interest rate driven.

Sourcing this business requires contact with developers, builders, realtors and others directly or indirectly. It also receives referrals from chartered banks, credit unions and other regulated lenders where a proposal does not fit their permitted or self-defined lending patterns.

This market is more directly responsive to current economic conditions than institutional lending. It is also dependent on either investors wishing to take advantage of the *Income Tax Act* (Canada) encouragement of self-directed RRIFs, RRSPs, RESPs and TFSA’s or investors seeking a high rate of interest as opposed to capital gains.

The directors may declare a dividend on one class of shares to the exclusion of another class of shares.

As of June 5, 2025, the Issuer had a total of 135 Class “A” shareholders and the number of Class “A” shares outstanding was 14,879,254.

Attached to this Offering Memorandum as **Addendum B** is a list of mortgages and other assets contained in Issuer’s portfolio.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.4 Long Term Objectives - The long term objective of the Issuer is to provide a return to its shareholders. As the rate of return is dependent on, but not limited to, economic, political and legal factors which may affect the mortgage market, all of which are beyond the control of the Issuer, it will seek mortgages which offer high rates of interest under the conditions existing at the time of the loan. The time frame in which the Issuer works is continuous.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.5 Short Term Objectives and How We Intend to Achieve Them - The short term objective of the Issuer is to acquire and maintain a portfolio of investments that generates a return for shareholders. The Issuer has contracted Great Pacific to source qualified investments and invest money in mortgages on behalf of the Issuer and administer the portfolio.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

2.6 Insufficient Proceeds - Because the Issuer will only make investments using available funds, the Issuer does not expect that it will be in a position where it does not have sufficient funds to accomplish its proposed

objectives. However, it is possible that the funds available as a result of this offering will not be sufficient to accomplish the Issuer's objectives and there is no assurance that alternative financing will be available.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

2.7 Material Agreements – Under the terms of an agreement dated January 30, 2006 (the "**Financial Services Contract**") between Great Pacific and the Issuer, Great Pacific is solely responsible for sourcing mortgage investments and managing the operations of the Issuer in accordance with the Issuer's 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

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 are 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 Great Pacific.

Great Pacific is not liable to the Issuer for any loss caused by Great Pacific in carrying out its duties under the Financial Services Contract unless the loss resulted from the negligence, wilful misconduct or dishonesty of Great Pacific, its officers, employees or agents in the performance of its duties. Furthermore, the Issuer has agreed to indemnify and save Great Pacific harmless in the event that Great Pacific 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 Great Pacific or its officers, employees or agents.

The directors of Great Pacific are Walter R. Neufeld and Damian A. Sowa who collectively have over 45 years' experience in managing mortgage portfolios.

As consideration for the services provided by Great Pacific under the Financial Services Contract, the Issuer has agreed to pay Great Pacific an annual fee not to exceed 2.0% of the yearly total assets under management. This fee is paid monthly on the 1st day of each month based on the principal balance outstanding in the Portfolio on the last business day of the preceding month.

Great Pacific is also entitled to charge brokerage fees, lenders' fees, commitment fees, extension fees, renewal fees, NSF fees, administration fees and similar fees to borrowers in respect of any mortgage loans acquired by the Issuer, and is entitled to be reimbursed by the Issuer for disbursements incurred by Great Pacific in fulfilling its obligations under the Financial Services Contract.

The office and overhead costs incurred by Great Pacific in discharging its obligations under the Financial Services Contract (including, but not limited to, staffing and the provision of premises) are payable by Great Pacific.

The costs of licensing, auditing the Issuer's financial statements, shareholder communications, marketing, lender platform hosting fees (Filogix and/or other), errors and omissions insurance and director's liability insurance shall be borne by the Issuer.

There are no other material agreements to which the Issuer is a party.

As of November 17, 2020, Great Pacific is owned by Walter Neufeld and Damian Sowa (through holding companies over which they have voting control).

Walter Neufeld and Jeffery Moses, in aggregate, indirectly own 50% of the issued and outstanding Class "B" shares of the Issuer through their holding companies.

See Item 3.1. Given these relationships, a number of potential conflicts exist including the following:

- (a) Other clients seeking the assistance of Great Pacific in sourcing mortgages, including other MICs having contractual relationships with Great Pacific, are in competition with the Issuer.
- (b) Current directors and officers of, and a brokers employed by Great Pacific, are or may be shareholders, directors and officers of the Issuer and of one other MIC employing Great Pacific as their financial services agent.

- (c) The Class “B” shareholders of the Issuer could use their voting power to change the management and other policies of the Issuer in a manner that may be averse to the interests of Class “A” shareholders.

See “Cautionary Statement Concerning Forward-Looking Statements” above.

Item 3: DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held - The following table, provides 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**”) as at the date of this Offering Memorandum. If the principal holder is not an individual, the table records 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 principal residence	Positions held and the date of obtaining that position	Compensation paid by Issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of min. offering*	Number, type and percentage of securities of the Issuer held after completion of max. offering*
Jeffery A. Moses ^{1,2,3,12} Victoria, BC	Director since May 1994 Treasurer 1994 – 2024	Accredit Mortgage Ltd. pays a director fee directly to Jeffery A. Moses. In the fiscal year ending Sept. 30, 2024, the amount was \$18,000.00. It can be expected that \$14,500.00 will be paid for the fiscal year ending Sept. 30, 2025.	68,000 Class “B” shares (25%) 262,293 Class “A” shares (1.76%)	Unknown ³
Walter R. Neufeld ^{1,4,5,12} Victoria, BC	Director since May 1994 Secretary 1994 – 2014 CEO since 2014	Great Pacific pays out a portion of the fees it receives from the Issuer (see Item 2.7). In the fiscal year ending Sept. 30, 2024, the amount of \$116,236 was paid to WKJ Holdings Ltd. which is owned by Walter R. Neufeld. It can be expected that approximately \$117,000.00 will be paid to WKJ Holdings Ltd. for the fiscal year ending Sept. 30, 2025. Accredit Mortgage Ltd. pays a director fee to Great Pacific, who pays it to Walter R. Neufeld. In the fiscal year ending Sept. 30, 2024, the amount was \$18,000.00. It can be expected that \$18,000.00 will be paid for the fiscal year ending Sept. 30, 2025.	68,000 Class “B” shares (25%) 627,262 Class “A” shares (4.22%)	Unknown ⁵

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of min. offering*	Number, type and percentage of securities of the Issuer held after completion of max. offering*
Paul E. Croy ^{6,12} Victoria, BC	Director since March 1, 2005 Vice President 2007 – 2024	Accredit Mortgage Ltd. pays a director fee directly to Paul E. Croy. In the fiscal year ending Sept. 30, 2024, the amount was \$18,000.00. It can be expected that \$14,500.00 will be paid for the fiscal year ending Sept. 30, 2025.	17,582 Class “A” shares (0.12%)	Unknown ⁶
Damian A. Sowa ^{7,12}	Director since December, 2016 Secretary since May, 2025 Treasurer since May, 2025	Great Pacific pays out a portion of the fees it receives from the Issuer (see Item 2.7). In the fiscal year ending Sept. 30, 2024, the amount of \$116,236 was paid to 1271242 B.C. Ltd. which is owned by Damian Sowa. It can be expected that approximately \$117,000.00 will be paid to 1271242 B.C. Ltd. for the fiscal year ending Sept. 30, 2025. Accredit Mortgage Ltd. pays a director fee to Great Pacific, who pays it to Damian A. Sowa. In the fiscal year ending Sept. 30, 2024, the amount was \$18,000.00. It can be expected that \$18,000.00 will be paid for the fiscal year ending Sept. 30, 2025.	157,000 Class “A” shares (1.06%)	Unknown ⁷
Aaltje van Grootheest ⁸	Director since December, 2017	Accredit Mortgage Ltd. pays a director fee to Aaltje van Grootheest. In the fiscal year ending Sept. 30, 2024, the amount was \$12,000.00. It can be expected that \$12,000.00 will be paid to Aaltje van Grootheest for the fiscal year ending Sept. 30, 2025.	255,217 Class “A” shares (1.50%)	Unknown ⁸
Rory H. Campbell ^{1,9,10} Victoria, BC			68,000 Class “B” shares (25%)	Unknown ¹⁰

Notes:

* The percentages referenced are of the issued and outstanding shares of each class on the date of this Offering Memorandum.

1. As a holder of Class "B" shares, this shareholder receives a portion of any Class "B" share dividend declared. To date, Class "B" share dividends have only been declared as part of the yearend and/or special dividend, which is split between the Class "B" shareholders (45%), and the Class "A" shareholders (55%). There have been no dividends declared or paid on Class "B" shares during the 12 months preceding the date of this Offering Memorandum.

2. Of these shares, 68,000 Class "B" shares and 221,232 Class "A" shares are held through 1132203 B.C. Ltd. and 41,061 Class "A" shares are held by Jeffery A. Moses. Jeffery A. Moses directly or indirectly beneficially owns or controls more than 50% of the voting rights of 1132203 B.C. Ltd.

3. Jeffery A. Moses may acquire additional Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Mr. Moses is not known. Mr. Moses may dispose of Class "A" shares held by him, however the number which he may dispose of, if any, is unknown.

4. Of these shares, 68,000 Class "B" shares and 350,008 Class "A" shares are held through Lone Eagle Holdings Ltd., 177,254 Class "A" shares are held by Walter R. Neufeld, and 100,000 Class "A" shares are held through WKJ Holdings Ltd. Walter R. Neufeld directly or indirectly beneficially owns or controls more than 50% of the voting rights of Lone Eagle Holdings Ltd. and WKJ Holdings Ltd.

5. Walter R. Neufeld may acquire additional Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Mr. Neufeld is not known. Mr. Neufeld may dispose of Class "A" shares held by him, however the number which he may dispose of, if any, is unknown.

6. Paul E. Croy may acquire additional Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Mr. Croy is not known. Mr. Croy may dispose of Class "A" shares held by him, however the number which he may dispose of, if any, is unknown.

7. Damian A. Sowa may acquire additional Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Mr. Sowa is not known. Mr. Sowa may dispose of Class "A" shares held by him, however the number which he may dispose of, if any, is unknown.

8. Aaltje van Grootheest may acquire additional Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Ms van Grootheest is not known. Ms van Grootheest may dispose of Class "A" shares held by her, however the number which she may dispose of, if any, is unknown.

9. Of these shares, 68,000 Class "B" shares are held through 598016 B.C. Ltd. Rory H. Campbell directly or indirectly beneficially owns or controls more than 50% of the voting rights of 598016 B.C. Ltd.

10. Rory H. Campbell may acquire Class "A" shares under this Offering Memorandum; however, the number of Class "A" shares, if any, which may be acquired by Mr. Campbell is not known. Mr. Campbell may dispose of Class "A" shares held by him, however the number which he may dispose of, if any, is unknown.

11. Great Pacific is registered with the BCFSA as a Mortgage Broker.

12. Walter R. Neufeld is licensed as the Designated Individual and Sub-Mortgage Broker and Damian A. Sowa are licensed as Sub-Mortgage Brokers of Great Pacific.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

3.2 Management Experience - The following table, discloses the principal occupations of the directors and senior officers of the Issuer over the past five years. In addition, for each individual, it describes any relevant experience in a business similar to the Issuer's.

Name	Principal occupation and related experience
Walter R. Neufeld	<ul style="list-style-type: none"> -Exempt Market Dealing Representative with Great Pacific Mortgage & Investments Ltd. 2012 to 2015 and reinstated in 2020; -Mortgage broker since 1993; -Chief Compliance Officer of Great Pacific Mortgage & Investments Ltd. since 2023 -Director Accredited Mortgage Ltd. since 1994 -Secretary Accredited Mortgage Ltd. 1994-2014; -CEO Accredited Mortgage Ltd. since 2014; -Director and Secretary Great Pacific Mortgage & Investments Ltd. 1999-2013; -CEO Great Pacific Mortgage & Investments Ltd. since 2013; -Director First Accredited Mortgage Corp. since 2001; -Vice President First Accredited Mortgage Corp. 2001-2011; -President First Accredited Mortgage Corp. 2011-2015; -CEO First Accredited Mortgage Corp. since 2015; -Director GP MIC Fund Ltd. 2005-2018; -Vice President GP MIC Fund Ltd. 2005-2014; -CEO GP MIC Fund Ltd. 2014-2018; -1987-1993 Branch Manager Beneficial Can. Inc/Beneficial Realty Ltd., Victoria BC; -1981-1983 Assistant Manager Credit Scotia Bank, Saskatoon SK; -1978-1980 Assistant Manager Household Finance Corp., Saskatoon SK
Jeffery A. Moses	<ul style="list-style-type: none"> -Exempt Market Dealing Representative with Great Pacific Mortgage & Investments Ltd. 2012 to 2015 and reinstated in 2020; -Chief Compliance Officer of Great Pacific Mortgage & Investments Ltd. 2012 to 2015 and reinstated from 2020 to 2023; -Mortgage broker 1993-2025; -Director and Treasurer Accredited Mortgage Ltd. 1994-2024; -Director and Treasurer Great Pacific Mortgage & Investments Ltd. 1999-2020; -Director and Treasurer First Accredited Mortgage Corp. 2001-2024; -Director and Treasurer GP MIC Fund Ltd. 2005-2018; -1988-1991 Investment Advisor McCarthy Securities, Toronto ON.; -1978-1988 Vice President, Investment Advisor Midland Doherty Ltd., Toronto ON.
Paul E. Croy	<ul style="list-style-type: none"> -Mortgage broker 2005-2025; -Director Accredited Mortgage Ltd. since 2005; -Secretary Accredited Mortgage Ltd. 2005-2007; -Vice President Accredited Mortgage Ltd. 2007-2024; -Director First Accredited Mortgage Corp. since 2004; -Vice President First Accredited Mortgage Corp. 2008-2024; -Director and Vice President GP MIC Fund Ltd. 2005-2018; -Branch Manager – Pacific Region - Laurentian Bank of Canada 1995-2004.
Damian A. Sowa	<ul style="list-style-type: none"> -Mortgage broker since 2015; -Director Accredited Mortgage Ltd. since 2016; -Director First Accredited Mortgage Corp. since 2017; -Secretary and Treasurer Accredited Mortgage Ltd. since 2025; -Secretary and Treasurer First Accredited Mortgage Corp. since 2025; -Market Development Manager, PRT Growing Services Ltd. 2011-2014; -Commercial Director, Innovotech Inc., 2007-2011; -Product Manager, SciMed Technologies, 2006; -Financial Advisor & other positions, North Shore Credit Union 1995-2000; -Masters of Science, University of Alberta, 2003-2006; -Bachelors of Science, University of British Columbia, 1996-2000.

Name	Principal occupation and related experience
Aaltje van Grootheest	-Retired (2015) Barrister and Solicitor: Sole practitioner with a practise including substantial experience in the legal aspects of commercial mortgage lending; -Director Accredited Mortgage Ltd. since 2017; -Present Director, The Christian Reformed Church of North America; -Previous Director, The Victoria Christian Education Society; -Previous Director, The Victoria Christian Reformed Church; -Previous Director, The King's University, Edmonton, Alberta; -Various previous directorships of small Christian organizations, including Chair of the Council of the Victoria Christian Reformed Church; -Bachelor of Law, University of Alberta, 1984.

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,
- (b) There is 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.

3.4 *Loans* - As at the date of this Offering Memorandum, there are no debentures or loans due to or from the directors, management, promoters or principal holders of Class "A" shares of the Issuer.

Item 4: CAPITAL STRUCTURE

4.1 *Share Capital*

Description of security ¹	Number authorized to be issued	Price per security	Number outstanding as at June 5, 2025	Number outstanding after min. offering	Number outstanding after max. offering
Class "A" shares	500,000,000	\$1.31	14,879,254	14,879,254	34,879,254
Class "B" shares	500,000,000	\$0.0153	272,000	272,000	272,000

1. Only Class "A" shares are offered for sale under this Offering Memorandum.

See Item 5.1 for additional information regarding the rights attributable to Class "A" shares and Class "B" shares.

4.2 *Long Term Debt* - The Issuer has no outstanding long term debt.

4.3 *Prior Sales* - Details of the Class "A" shares of the Issuer issued in the 12 months prior to the date of this Offering Memorandum are recorded in the following table.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
Various dates between June 6, 2024 to June 5, 2025	Class "A" shares	18,519	\$1.00 per Class "A" share	\$24,260
Various dates between June 6, 2024 to June 5, 2025	Class "A" shares	674,908 ¹	\$1.00 per Class "A" share	\$884,129 ¹

1. These Class "A" shares were issued, and paid for, by the reinvestment of dividends declared on outstanding Class "A" shares.

Item 5: SECURITIES OFFERED

5.1 Terms of Securities

- (a) **Voting Rights** - Each Class "A" share carries one vote. Each Class "B" share carries 1,000 votes. Only Class "A" shares are offered for sale under this Offering Memorandum.
- (b) **Entitlement to Dividends** - The holders of all the Class "A" shares are entitled to receive pari passu all of the regular dividends declared by the directors on such shares. The Issuer typically, subject to the plan (see p. 2.3 & 2.4) declares dividends on a quarterly basis; however, the directors may also declare yearend and/or special dividends. Dividends are payable in cash or in shares, or partly in cash and partly in shares, at the option of the shareholder. The directors are permitted to declare a dividend on one class of shares to the exclusion of another class of shares. As a matter of practice, the directors do not declare dividends on Class "B" shares, other than any yearend or special dividends which will (if declared) be divided between Class "A" shares (55%) and Class "B" shares (45%). See Item 8.
- (c) **Repurchase rights - You may not be able to redeem shares.** There are no repurchase or retraction rights specified in the Articles of the Issuer and there are no statutory obligations of the company to redeem (repurchase) any shares.

Holders of Class "A" shares are entitled to request the repurchase of their Class "A" shares by submitting a written request to the Issuer. Shares will be repurchased at the discretion of the Board of Directors. There is no guarantee that the shares will be repurchased. The issuer will not repurchase shares if, as a result of the purchase:

There will be no charge for the first repurchase of shares by a shareholder during any calendar year. All subsequent repurchases by the shareholder, during the same calendar year, may be subject to a \$50.00 administration fee.

Previous 3 year share repurchase history: Fiscal 2022: 1,618,835 for \$1,840,801

Fiscal 2023: 1,309,528 for \$1,587,221

Fiscal 2024: 1,478,314 for \$1,928,458

The repurchase fee for share repurchases will be:

Date of repurchase.	Per Share Repurchase Fee Payable to Accredited Mortgage Ltd.
Prior to 1 st anniversary of the date of the share purchase	5%
Prior to 2 nd anniversary of the date of the share purchase but after 1 st anniversary of the date of the share purchase	4%
Prior to 3 rd anniversary of the date of the share purchase but after 2 nd anniversary of the date of the share purchase	3%
Prior to 4 th anniversary of the date of the share purchase but after 3 rd anniversary of the date of the share purchase	2%
Prior to 5 th anniversary of the date of the share purchase but after 4 th anniversary of the date of the share purchase	1%

There is no fee payable to Accredited Mortgage Ltd. for share repurchase after 5th anniversary of the date of the share purchase.

The Issuer will not repurchase shares if the share repurchase shall result in:

1. one shareholder holding more than 25% of the issued shares of any class of the Issuer's shares;
2. the number of shareholders of all classes of shares of the Issuer would be less than 20; or
3. the Issuer would, as a result of such repurchase, or for any other reason, cease to qualify as a MIC. See Item 8.

There will be no administrative charge for the first repurchase of shares by a shareholder during any calendar year. All subsequent repurchases by the shareholder, during the same calendar year, may be subject to a \$50.00 administration fee.

If you seek to redeem your Class "A" shares and the Issuer is unable to comply with such request, you will be so advised.

There are no statutory obligations of the company to redeem (repurchase) any shares. Shares will be repurchased at the discretion of the Board of Directors.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

5.2 Subscription Procedure

- (a) All subscribers for Class "A" shares will be required to execute and deliver to the Issuer or its agent:
 - (i) a Subscription Agreement (a copy of which is provided herewith);
 - (ii) a Risk Acknowledgment Form (a copy of which is provided herewith);
 - (iii) payment of the purchase price in the form of a cheque payable to Accredited Mortgage Ltd. drawn on a recognized financial institution or by such other means as the Issuer in its sole discretion may accept; and
 - (iv) any other information and documentation required by the Issuer or Great Pacific, including information and documentation required to establish each subscriber's identity and to comply with federal anti-money laundering and anti-terrorist financing legislation.
- (b) The subscription funds (cheque or bank draft) delivered by a purchaser of Class "A" shares will not be presented for clearing until midnight on the second business day after the Issuer receives the subscriber's signed Subscription Agreement and all other required documentation, including the information necessary for compliance with federal anti-terrorist and anti-money laundering legislation.

- (c) The Issuer reserves the right to accept or reject subscriptions in whole or in part at its discretion. If the Issuer does not accept your subscription then it will promptly return the applicable subscription funds to you.

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. Neither the Issuer nor Great Pacific Mortgage & Investments Ltd. (defined above as “Great Pacific”) is qualified to provide such advice.

The following is a summary, reviewed and updated by MNP LLP, Chartered Professional 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(s).

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.

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 an Issuer 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 or immovable property situated outside Canada, debts owing to the Issuer by non resident persons unless secured on real or immovable property situated in Canada, shares of the capital stock of Issuers not resident in Canada, real or immovable property situated outside Canada, or any leasehold interest in real or immovable property situated outside Canada.
- (f) Shareholder Requirements - the Issuer must have at least 20 shareholders, and no shareholder (together with Related Persons, see below) of the Issuer at any time during the year owned, directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the Issuer. Special rules apply for the purposes of counting shareholders that are registered pension plans or deferred profit sharing plans.

- (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.

With respect to the requirement noted above that no shareholder (together with Related Persons) may own more than 25% of the shares of any class of the Issuer for these purposes "Related Persons" include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual's spouse, common-law partner or child under 18 years of age. The rules in the Tax Act defining "related persons" are complex and shareholders should consult their own tax advisors in this regard.

6.4 Taxation of the 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.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

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 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 repurchase 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.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

6.6 RRSP, RRIF, RESP, TFSA Eligibility - As of the date hereof, the Class "A" shares would be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a TFSA and a RESP, provided that either: (1) the Issuer qualifies as a MIC throughout a taxation year and further provided that at any time in the relevant calendar year, the Issuer does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under the plan, or of any other person who does not deal at arm's length with that person; or (2) the Class "A" shares are listed on a designated stock exchange for the purposes of the Tax Act.

Notwithstanding that the Class "A" and Class "B" shares may be qualified investments for a trust governed by a RRIF, RRSP and TFSA, the holder of a RRIF, RRSP and TFSA that holds Class "A" shares or Class "B" shares will be subject to a penalty tax on such shares if the shares are a "prohibited investment" for that RRIF, RRSP and TFSA. The Class "A" or Class "B" shares will generally be a "prohibited investment" if the holder of a RRIF, RRSP and TFSA does not deal at arm's length with the Issuer for purposes of the Tax Act or the holder of the RRIF, RRSP and TFSA has a "significant interest" (within the meaning of the Tax Act) in the Issuer or a corporation, partnership or trust with which the Issuer does not deal at arm's length for the purposes of the Tax Act.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

Item 7: COMPENSATION PAID TO SELLERS AND FINDERS

The Shares will be sold by Great Pacific in its capacity as an Exempt Market Dealer (EMD) on a best effort basis or by agents authorized by the Issuer. In its discretion the Issuer may pay a sales commission to Great Pacific, to other registered dealers or their representatives or where permitted, to other persons. The maximum commission payable is 7% of the subscription amount. Any such commissions may be paid in cash upon acceptance of the subscription or on other terms agreed to. As an example, if \$5,000,000 of Shares are issued as part of this offering, the total maximum commission payable by the Issuer would be \$350,000. In the fiscal year ending September 30, 2024 the Issuer has paid a commission in connection with the distribution of Shares to the Manager in the amount of \$0.00 (zero dollars) and paid a commission to external exempt market dealers in the amount of \$0.00 (zero dollars). For the period ending March 31, 2025 the Manager has earned commissions in connection with the distribution of Shares in the amount of \$0.00 (zero dollars) and external exempt market dealers have earned commissions in the amount of \$0.00 (zero dollars). The Issuer may enter exclusive or non-exclusive agency agreements with agents under which the agents offer the Shares for sale to investors on a best efforts or other basis and the Issuer would be responsible for payment of any commissions or other compensation payable to such agents. Separately, Great Pacific may enter exclusive or non-exclusive agency agreements with agents under which the agents offer the Shares for sale to investors on a best efforts or other basis and the Issuer would be responsible for payment of any commissions or other compensation payable to such agents. As of the date of this Offering Memorandum, no such agreements have been entered into.

Item 8: RISK FACTORS

The purchase of Class "A" shares of the Issuer involves a number of significant risk factors. In addition to the risk factors described elsewhere in this Offering Memorandum, investors in Class "A" shares should consider the risk factors described below. Potential investors should carefully consider these risk factors and should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Class "A" shares.

(a) Investment Risk –

(i) No Market for Class "A" shares and Resale Restrictions

There is no public market for the Class "A" shares and it is not expected that a market will develop. The Class "A" shares are subject to resale restrictions under securities laws, the Issuer's by-laws and the terms of the Class "A" shares. See Item 10. Although holders of Class "A" shares may request the repurchase of their shares (see Item 5.1), the repurchase of Class "A" shares by the Issuer will only be permitted where the issuer holds adequate free cash not required for other purposes and if such repurchase does not endanger the Issuer's status as a MIC under the provisions of the *Income Tax Act* (Canada). It is possible that no repurchases will be permitted for extended periods or at all. The sale or transfer of Class "A" shares to another shareholder is permitted, subject to the approval by the directors of such transfer. The approval of directors is not required for transfers that occur by operation of law (for example, upon the death of a shareholder). Share repurchases are subject to the approval of Great Pacific.

Consequently, this investment is unsuitable for those prospective investors who do or may require liquidity. *Your attention is particularly drawn to the fact that if you borrow money to purchase these shares, you must ensure you have the resources to repay the loan from other assets you own or control. The restrictions on the resale and /or repurchase of the Class "A" shares of the Issuer are such that you may be unable to use them as a source of funds to repay any borrowing.*

(ii) Speculative Nature of Offering

This is a speculative offering. The purchase of Class "A" shares involves a number of significant risk factors and is suitable only for investors who are aware of the risks inherent in investing in MICs and in the real estate sector, and who have the ability and willingness to accept the risk of total loss of their invested capital.

There is no assurance of any return on an investment in the Class "A" shares. Moreover, the interest rates being charged for the mortgages in which the Issuer invests reflect the general level of interest rates and, as interest rates fluctuate, management of the Issuer expects that the aggregate yield on the Issuer's mortgage investments will also change which could materially positively or negatively impact any return on investment in the Class "A" shares.

(iii) **Dividends**

The rate of dividend will depend on a number of factors including, but not limited to, mortgage interest rates, mortgagors paying on time, unexpected costs, repayment of sums due under a line of credit, repayment of loans (if any) and other factors not presently known to the Issuer. It may be necessary to suspend, delay or cease payment if this is determined by the Board of Directors to be in the best interests of the Issuer and its shareholders.

Dividends may be paid, at the discretion of Board of Directors, on any class of shares to the exclusion of other classes and if dividends are paid on more than one class of shares the amount declared may differ between the classes. Also, any dividend declared on Class "B" shares will reduce the amount of dividend on the Class "A" shares.

(iv) **Portfolio Risk**

Other than cash held in major financial institutions or in a governmental or quasi-governmental body, the sole assets held by the Issuer as investments will be mortgages on real estate located primarily or exclusively in the Province of British Columbia. The portfolio will not be diverse so that risk is concentrated in a single market spectrum.

The value of this investment is dependent upon the underlying mortgages. Risks arise from the inherent illiquidity of mortgages, decline in value of the underlying real estate, fluctuations in interest rates, concentrations in particular types of property in limited geographic areas, changes in economic conditions or legislation and regulatory changes affecting real estate ownership, usage or leverage. They can also be affected by changes in the financial health of the mortgagor.

For market and other reasons, suitable mortgages may not always be available for investment. In addition, there can be no assurance that the mortgages comprising the Issuer's portfolio from time to time can, or will be, renewed at the same interest rates and terms, or in the same amounts as are currently in effect.

Competition from other persons or firms offering similar or other products can impair the market.

Mortgages other than first mortgages may form part of the portfolio. Whilst these typically carry a higher rate of return, they are subject to the rights of senior mortgagees.

(b) **Conflicts of Interest –**

Conflicts of interest exist. The financial services agent of the Issuer, Great Pacific, also provides similar services to First Accredit Mortgage Corp. Some officers and directors of the Issuer are also officers and directors of Great Pacific and First Accredit Mortgage Corp.

As disclosed in Item 3.1, some of the directors and officers of the Issuer are also holders of both Class "A" and "B" shares. See note 2 to the table above under Item 3.1 which clarifies the dividend payment policy as between Class "A" and Class "B" shares.

(c) **Issuer Risk –**

The Issuer is dependent on the industry experience, skill and knowledge of its senior officers and Great Pacific. The inability to carry out their duties or the loss of any of them could impair the efficiency of the Issuer.

Changes in legislation or regulation affecting the status of the Issuer could have effects which are at present unforeseen and unforeseeable.

Political risks exist from changes in public policy. These are unpredictable.

(d) **Regulatory Risk –**

Purchasers under this Offering Memorandum will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.

The Issuer is not subject to the ongoing disclosure and other requirements applicable to reporting issuers.

(e) **Tax Risk –**

If for any reason the Issuer fails to maintain its qualification as a MIC under the *Income Tax Act* (Canada), dividends paid by the Issuer on the Class "A" shares will cease to be deductible from the

Issuer's income and the Class "A" shares, unless listed on a prescribed stock exchange for the purposes of the *Income Tax Act* (Canada), may cease to be a qualified investment for Registered Retirement Savings Plans, Deferred Profit Sharing Plans, Registered Retirement Income Funds, Tax Free Savings Accounts, Registered Disability Savings Plans and Registered Education Savings Plans. The *Income Tax Act* (Canada) imposes penalties for the acquisition or holding of non-qualified or ineligible investments by Registered Retirement Savings Plans, Deferred Profit Sharing Plans, Registered Retirement Income Funds, Tax Free Savings Accounts, Registered Disability Savings Plans and Registered Education Savings Plans. See Item 6.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

Item 9: REPORTING OBLIGATIONS

9.1 The Issuer is not a "reporting issuer" under applicable securities laws and is not subject to the continuous disclosure requirements under those laws. On an annual basis, the Issuer sends holders of Class "A" shares annual audited financial statements of the Issuer. In addition, on a quarterly basis the Issuer sends holders of Class "A" shares a quarterly dividend report and a written commentary by or on behalf of the CEO with current information about relevant matters affecting the Issuer. The directors are also available to respond directly to shareholder inquiries whenever received.

9.2 The Issuer is required to file Reports of Exempt Distributions with the British Columbia Securities Commission, and/or other applicable securities regulators, on a regular basis, as distributions dictate. Certain information about such reports is available on the Commission's website at www.bcsc.bc.ca and on other securities regulator websites. These filings may require the Issuer to disclose certain personal information about purchasers of Class "A" shares.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

Item 10: RESALE RESTRICTIONS

10.1 General: The Class "A" shares 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 your Class "A" shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation. As a result, you may never be able to sell your Class "A" shares. However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your Class "A" shares in certain circumstances. See Item 5.1.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

10.2 Restricted period applicable to trades in British Columbia: Unless permitted under securities legislation, purchasers resident in British Columbia cannot trade their Class "A" shares 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. Since the Issuer does not intend to become a reporting issuer, unless a prospectus exemption is relied upon, you may be required to hold your Class "A" shares for an indefinite period of time.

See "Cautionary Statement Concerning Forward-Looking Statements" above.

Item 11: PURCHASERS' RIGHTS

If you purchase Class "A" shares, 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 Class "A" shares. To do so, you must send a notice to us no later than midnight on the 2nd business day after you sign the agreement to buy the Class "A" shares.

11.2 Statutory Rights of Action in the Event of a Misrepresentation - If you are resident in British Columbia, and received a copy of this Offering Memorandum in connection with your purchase of Class "A" shares, you will have the statutory rights described below.

The following are summaries of these rights. These summaries are subject to the express provisions of applicable securities legislation, and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions contained therein. These provisions may contain certain limitations and statutory defences on which the Issuer may rely. These rights are in addition to, and without derogation from, any other right the investor may have at law.

For purposes of the following summaries, "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement not misleading in light of the circumstances in which it was made.

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

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

A person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to the forward-looking 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 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 has a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Item 12: FINANCIAL STATEMENTS

Attached

CERTIFICATE

Dated: June 5, 2025

This Offering Memorandum does not contain a misrepresentation.

ACCREDIT MORTGAGE LTD.

Per: "Signed" Walter R. Neufeld _____
Walter R. Neufeld _____
CEO _____

Per: "Signed" Damian A. Sowa _____
Damian A. Sowa _____
Treasurer _____

PROMOTERS:

"Signed" Walter R. Neufeld _____
Walter R. Neufeld

"Signed" Jeffery A. Moses _____
Jeffery A. Moses

"Signed" Paul E. Croy _____
Paul E. Croy

"Signed" Damian A. Sowa _____
Damian A. Sowa

"Signed" Aaltje van Grootheest _____
Aaltje van Grootheest

Accredit Mortgage Ltd.
Consolidated Financial Statements
September 30, 2024

Accredit Mortgage Ltd.

Contents

For the year ended September 30, 2024

Page

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position..... 1

Consolidated Income Statement and Other Comprehensive Income..... 2

Consolidated Statement of Changes in Equity..... 3

Consolidated Statement of Cash Flows..... 4

Notes to the Consolidated Financial Statements..... 5

To the Shareholders of Accredited Mortgage Ltd.:

Opinion

We have audited the consolidated financial statements of Accredited Mortgage Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at September 30, 2024 and September 30, 2023, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 consolidated 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 consolidated 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Nanaimo, British Columbia

November 15, 2024

MNP LLP

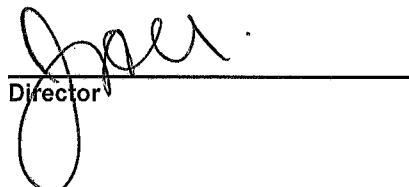
Chartered Professional Accountants

Accredit Mortgage Ltd.
Consolidated Statement of Financial Position
As at September 30, 2024

	2024	2023
Assets		
Current		
Cash	580,110	5,517,110
Accounts receivable (Note 7)	1,052,004	-
Goods and services tax receivable	15,364	14,058
Mortgages receivable (Note 5), (Note 6)	15,052,929	15,336,756
Prepaid expenses	9,165	9,165
Assets held for sale (Note 7)	3,323,294	-
	20,032,866	20,877,089
Non-current		
Long-term portion of mortgages receivable (Note 5), (Note 6)	1,895,000	3,075,100
Total assets	21,927,866	23,952,189
Liabilities		
Current		
Accounts payable and accruals	20,000	20,000
Note payable	771,201	-
Refundable performance bonus	90,000	115,000
Interest received in advance	108,717	482,838
Deferred lender fees	-	102,477
	989,918	720,315
Events after the reporting period (Note 14)		
Contingency (Note 15)		
Net Assets, Representing Shareholders' Equity		
Share capital (Note 8), (Note 13)	15,292,120	16,612,961
Contributed surplus (Note 9)	14,355,850	15,145,672
Deficit (Note 10)	(8,710,022)	(8,526,759)
	20,937,948	23,231,874
	21,927,866	23,952,189

Approved on behalf of the Board


 Director


 Director

Accredit Mortgage Ltd.
Consolidated Income Statement and Other Comprehensive Income
For the year ended September 30, 2024

	2024	2023
Revenue		
Interest - mortgages	2,148,944	1,873,777
Lender fees	189,124	366,971
Deposit interest	186,164	200,475
Performance bonus claimed	35,000	17,500
	2,559,232	2,458,723
Expenses		
Accounting and audit fees	47,355	41,061
Directors' fees (<i>Note 13</i>)	84,000	84,000
Financial services fees (<i>Note 13</i>)	464,945	477,698
Goods and services tax on financial services fees (<i>Note 13</i>)	23,247	23,885
Insurance	18,537	17,264
Interest and bank charges	3,886	3,358
Legal fees	12,207	48,182
Office	1,668	3,851
Professional fees	9,721	21,000
	665,566	720,299
Net income before other items	1,893,666	1,738,424
Other items		
Bad debt recovery	12,000	12,000
Provision for loss on assets held for sale (<i>Note 7</i>)	(181,858)	-
Provision for mortgage investment loss (<i>Note 5</i>)	(450,000)	(330,000)
	(619,858)	(318,000)
Net income before dividend expense	1,273,808	1,420,424
Dividend expense	1,457,071	-
Net income and comprehensive income	(183,263)	1,420,424

Accredit Mortgage Ltd.
Consolidated Statement of Changes in Equity
For the year ended September 30, 2024

	<i>Share capital</i>	<i>Contributed surplus</i>	<i>Deficit</i>	<i>Total equity</i>
Balance September 30, 2022	17,847,118	15,485,739	(9,947,183)	23,385,674
Net income for the year	-	-	1,420,424	1,420,424
Issuance of Class A shares	12,999	-	-	12,999
Repurchase of Class A shares	(1,587,223)	-	-	(1,587,223)
Repurchase amount in excess of paid up capital - Class A shares	340,067	(340,067)	-	-
Balance September 30, 2023	16,612,961	15,145,672	(8,526,759)	23,231,874
Net income for the year	-	-	(183,263)	(183,263)
Issuance of Class A shares	33,199	-	-	33,199
Repurchase of Class A shares	(2,963,712)	-	-	(2,963,712)
Repurchase amount in excess of paid up capital Class A shares	789,822	(789,822)	-	-
Reinvested dividends Class A shares	819,850	-	-	819,850
Balance September 30, 2024	15,292,120	14,355,850	(8,710,022)	20,937,948

The accompanying notes are an integral part of these consolidated financial statements

Accredit Mortgage Ltd.
Consolidated Statement of Cash Flows
For the year ended September 30, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Fees and other receipts	108,918	305,168
Cash paid to suppliers	(663,206)	(716,190)
Interest received	1,735,655	2,040,124
Interest paid	(3,667)	(3,358)
Bad debt recovery	12,000	11,999
Dividends paid	(637,221)	-
	552,479	1,637,743
Financing activities		
Proceeds from issuance of common shares	33,199	12,999
Repurchase of Class A common shares	(2,963,712)	(1,587,223)
	(2,930,513)	(1,574,224)
Investing activities		
Funding of mortgages receivable	(9,551,743)	(10,923,154)
Discharge of mortgages receivable	8,414,687	14,320,267
Foreclosed property acquisition costs	(1,421,910)	-
	(2,558,966)	3,397,113
Increase (decrease) in cash	(4,937,000)	3,460,632
Cash, beginning of year	5,517,110	2,056,478
Cash, end of year	580,110	5,517,110
Supplementary cash flow information		
Class A shares issued under dividend reinvestment plan	819,850	-

1. Reporting entity

Accredit Mortgage Ltd. (the "Group") was incorporated under the British Columbia Business Corporation's Act on May 26, 1994. The Group is domiciled in Canada. The consolidated financial statements of the Group as at and for the year ended September 30, 2024 comprise of the Group and its subsidiaries (together referred to as the "Group"). The Group's principal business activity is mortgage lending for residential and commercial properties. The Group is a mortgage investment corporation and is deemed to be a public corporation under the Income Tax Act.

The address of the Group's registered office is 101-835 View Street, Victoria, British Columbia.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the board of directors and authorized for issue on November 15, 2024.

3. Basis of preparation

Basis of measurement

The consolidated financial statements have been prepared in the historical basis except for the revaluation of certain non-current assets and financial instruments. The significant accounting policies are set out in Note 4.

Functional and presentation currency

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

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Equity instruments

Under IFRS, IAS 32 requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liabilities. The Group's Class A shares contain a redemption feature whereby the holders can request redemption of the shares during a specified period during the year. The redemption feature is subject to certain restrictions which give Management the ability to effectively defer redemption indefinitely. Accordingly, Management has applied judgment in assessing whether the redemption feature would create a contractual obligation to repurchase or redeem shares for cash or another financial asset and has determined that it would not and that the shares should be classified as equity.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material.

3. Basis of preparation *(Continued from previous page)*

Mortgages receivable

The most significant estimates that management is required to make relate to the net realizable value of the mortgages receivable. These estimates may include assumptions regarding local real estate market condition, interest rates on the availability of credit, cost and terms of financing and other factors affecting the investments in mortgages and underlying security of the mortgages. These key management estimates are subjective and involve inherent uncertainties and judgments.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in comprehensive income in the periods in which they become known. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

4. Summary of material accounting policies

The following significant accounting policies have been adopted in the preparation of these consolidated financial statements.

Revenue recognition

Interest income is recognized on an accrual basis by the effective interest method, using an effective interest rate which exactly discounts estimated future cash receipts to the net carrying amount of the financial asset over the asset's expected life.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of common and preferred shares, which include legal and accounting, are recognized as a deduction from equity.

Foreclosed assets held for sale

When the Group obtains legal title of the underlying security of an impaired mortgage receivable, the carrying value of the mortgage receivable, which comprises of principal, costs incurred, accrued interest receivable and a provision for mortgage investment loss, if any, is reclassified from mortgages receivable to foreclosed assets held for sale. Foreclosed assets held for sale are recognized at the lower of its carrying amount and fair value less costs to sell. The Group uses management's best estimate to determine fair value of these properties, which may involve frequent inspections, engaging realtors to assess market conditions based on previous property transactions or, retaining professional appraisers to provide independent valuations.

Contractual interest on the mortgage investment is discontinued from the date of transfer from mortgage receivable to foreclosed assets held for sale. Net income or loss generated from foreclosed assets held for sale (including fair value adjustments), if any, is recorded as provision for loss on foreclosed assets held for sale.

Financial instruments

Financial assets measured at amortized cost

The Group has classified cash, accounts receivable and mortgages receivable as financial assets measured at amortized cost. These assets are initially recognized as their fair value plus transaction costs that are directly attributable to their acquisition. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest rate method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in comprehensive income.

4. Summary of material accounting policies *(Continued from previous page)*

Financial liabilities measured at amortized cost

The Group has classified the following financial liabilities as financial liabilities measured at amortized cost: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in comprehensive income upon derecognition.

Financial asset impairment

The Group assesses impairment of all its financial assets, except those classified at fair value through profit or loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year comprehensive income.

The Group reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was recognized.

Mortgage receivable

The Group's business model is to manage mortgages and to collect principal and interest payments on mortgage investments. Loss provisions are recorded upon initial recognition of the mortgages receivable based upon expectations of future losses at the time.

The Group makes an estimate for determining whether the cash flows from mortgages receivable represent solely payments of principal and interest (SPPI). The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. At the end of each reporting period, impairment is assessed using an expected credit loss (ECL) approach. Under this approach, the level of credit risk deterioration is assessed in a three-stage impairment model. The three stages are determined, and expected credit losses are assessed as follows:

Stage 1 - No significant increase to credit risk since initial recognition. 12-month expected credit losses are recognized.

Stage 2 - Significant increase in credit risk since initial recognition. Lifetime expected credit losses are recognized.

Stage 3 - Credit impaired. Lifetime expected credit losses are recognized.

Assessments of future expected losses in Stages 1 and 2 are made using forward-looking information. Mortgage investments are transferred to Stage 3 when there is objective information indicating one or more events negatively impacting the estimated future cash flows of that receivable has occurred.

Mortgage Investment Corporation ("MIC") eligibility criteria

To qualify as a MIC for Canadian income tax purposes, the Group must comply with the following:

- i. At least 50% of the Group's assets must consist of residentially orientated mortgages and/or cash;
- ii. The Group's only business activity is the investing funds of the corporation and not managing or developing any real property;
- iii. The Group must not hold any investments secured by real property situated outside Canada; and
- iv. No shareholder, along with connected individuals, directly or indirectly may own more than 25% of the issued shares of any class and the Group must have at least 20 shareholders.

Accredit Mortgage Ltd.
Notes to the Consolidated Financial Statements
For the year ended September 30, 2024

4. Summary of material accounting policies *(Continued from previous page)*

In the opinion of management, these requirements have been met.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries.

Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Group the current ability to direct the relevant activities and that the Group has the practical ability to exercise, is considered.

The Group has consolidated the assets, liabilities, revenues and expenses of its wholly owned subsidiaries: 1483295 B.C. Ltd., 0848052 B.C. Ltd., Pacific Pedicabs Ltd., and Kabuki Kabs Ltd., after the elimination of inter company transactions and balances.

The results of subsidiaries acquired or disposed of during the year are included in these consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Income taxes

The Group is a mortgage investment corporation ("MIC") for income tax purposes. As such, the Group is able to deduct, in computing its income for a taxation year, dividends paid to its shareholders during the year or within 90 days of the end of the year. The Group intends to maintain its status as a MIC. Accordingly, for financial statement reporting purposes, the tax deductibility of the Group's distribution results in the Group being effectively exempt from income taxation and no provision for current or future income taxes is required for the Group.

Shareholders who received dividends from the Group, other than capital gains dividends, will be deemed, for income tax purposes, to have received interest payable on a bond issued by the Group and will be subject to Canadian income or withholding taxes accordingly.

Comprehensive income

Comprehensive income includes all changes in equity of the Group, except those resulting from investments by owners and distributions to owners. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from profit. The Group does not have any items giving rise to other comprehensive income.

5. Mortgages receivable

Mortgages receivable consist of the following:

	2024	2023
Mortgage principal receivable	16,875,532	18,432,521
Accrued interest receivable	522,397	309,335
Less: cumulative provision for mortgage investment loss	(450,000)	(330,000)
Carrying value of mortgages receivable	16,947,929	18,411,856
Less: Current portion	(15,052,929)	(15,336,756)
Long-term portion of mortgages receivable	1,895,000	3,075,100

Accredit Mortgage Ltd.
Notes to the Consolidated Financial Statements
For the year ended September 30, 2024

5. Mortgages receivable *(Continued from previous page)*

Mortgages receivable bear interest between 9.95% and 24.00% (2023 - 8.95% and 14.00%) and are secured by charges against real property. Principal and/or interest only payments are due monthly and early payment of principal is permitted.

The allowance for mortgage investment loss represents the total amount of management's estimate of the expected credit loss on the mortgage receivable that has experienced a significant increase in credit risk since initial recognition (Stage 1). The expected credit loss recognized in the current year is \$450,000 (2023 - \$330,000).

6. Mortgages receivable - portfolio allocation

	Number of mortgages receivable	Amortized cost	% of Portfolio
Mortgage rate %			
9.01% to 10.00%	3	2,861,098	18
10.01% to 11.00%	8	6,320,577	37
11.01% to 12.00%	9	5,722,905	33
12.01% to 24.00%	1	2,043,349	12
	21	16,947,929	100

7. Assets held for sale

During the year, the Group obtained an Order of Absolute on a mortgage receivable and gained title over the eleven properties listed as security. On August 7, 2024, the Group incorporated a wholly owned subsidiary, 1483295 B.C., which maintained the legal titles. On September 27, 2024, the Group sold one of the secured properties for \$1,091,126. The remaining property has been recorded at its fair market value. The Group signed a share purchase agreement with a third party for the sale of the 1483295 B.C. Ltd. shares, which is closing on October 24, 2024. As 1483295 B.C. Ltd. holds the last remaining property, there will be no assets held for sale after this date.

The changes in assets held for sale during the year were as follows:

	2024	2023
Carrying amount of original mortgage receivable	3,135,246	-
Property acquisition costs	1,421,910	-
Sale of foreclosed property	(1,052,004)	-
Fair market value adjustment	(181,858)	-
	3,323,294	-

8. Issued capital

Authorized capital

Common shares

- 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

Accredit Mortgage Ltd.
Notes to the Consolidated Financial Statements
For the year ended September 30, 2024

8. Issued capital *(Continued from previous page)*

Issued capital

	<i>Number of Shares</i>	<i>Share Capital (\$)</i>
Common shares		
Class A	15,687,258	15,287,960
Class B	272,000	4,160
	15,959,258	15,292,120
Class A - common shares		
Balance, beginning of year	17,299,089	16,608,801
Shares repurchased for cash	(2,268,585)	(2,963,712)
Shares repurchased as contributed surplus	-	789,822
Shares issued for cash	25,736	33,199
Share distributions	631,018	819,850
	15,687,258	15,287,960
Class B - common shares		
Balance, beginning and end of year	272,000	4,160

The registered holders of the common shares are entitled to have voting rights for the election of directors or for any other purpose. Each Class A share carries one vote. Each Class B share carries 1,000 votes.

There are no conversion or exercise prices.

There are no repurchases or retraction rights as specified in the Articles. Shares are repurchased on a best efforts basis as determined by the board of directors. The holders of all Class A shares are entitled to receive pari passu on all of the regular dividends. When dividends are declared by the directors, dividends are payable in cash or shares.

Dividends are payable in cash or in shares, or partly in cash and partly in shares, at the discretion of the directors and the option of the shareholder. The directors may declare a dividend on one class of shares to the exclusion of another class of shares.

9. Contributed surplus

Contributed surplus represents the difference between the original contribution and the repurchased amount for those investors who redeemed their shares at the reduced value.

The board of directors authorized the repurchase of Class A shares for cancellation at **\$1.31 per share** as the last price before year-end. Prior to this date, the repurchase price at year-end was as follows:

- September 30, 2023 \$1.27 per share
- September 30, 2022 \$1.18 per share
- September 30, 2021 \$1.10 per share

Accredit Mortgage Ltd.
Notes to the Consolidated Financial Statements
For the year ended September 30, 2024

10. Deficit per Class A common share

	2024	2023
Deficit, Accredit Mortgage Ltd.	(891,852)	(731,753)
Deficit, 0848052 B.C. Ltd.	(7,807,778)	(7,795,006)
Deficit, 1483295 BC Ltd	(10,392)	-
Deficit, end of year	(8,710,022)	(8,526,759)
Number of Class A common shares	15,687,258	17,299,089
Deficit per Class A common share	(0.56)	(0.49)

11. Net asset value per share

	2024	2023
Net assets, representing shareholders' equity		
Class A	20,933,788	23,227,714
Class B	4,160	4,160
	20,937,948	23,231,874
Shares outstanding		
Class A	15,687,258	17,299,089
Class B	272,000	272,000
	15,959,258	17,571,089
Net asset value per share (in dollars)		
Class A	1.33	1.34
Class B	0.02	0.02

12. Capital management

The Group's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders by charging interest rates on mortgages commensurately with the level of risk.

The Group monitors capital on the basis of a return on investment calculation to provide shareholders with a consistent rate of return from year to year. During the year, the Group's strategy was to advance an adequate amount of mortgages at an acceptable risk level to provide a recovery of prior year deficits to shareholders.

In order to maintain compliance with the rules under the Income Tax Act to qualify as a mortgage investment corporation, the Group is subject to capital requirements to maintain a minimum of 20 shareholders with no shareholder owning, directly or indirectly, more than 25% of the issued shares of any class of the share capital of the Group. During the year ended September 30, 2024 the Group was in compliance with these capital requirements.

Accredit Mortgage Ltd.
Notes to the Consolidated Consolidated Financial Statements
For the year ended September 30, 2024

12. Capital management *(Continued from previous page)*

The Group manages the following as capital:

	2024	2023
Share capital	15,292,120	16,612,961
Deficit	(8,710,022)	(8,526,759)
Contributed surplus	14,355,850	15,145,672
	20,937,948	23,231,874

13. Related party transactions

Included in Class A shares are \$1,295,111 (2023 - \$2,413,967) of shares held by directors and companies who are related by virtue of common officers and directors. This represents 8% (2023 - 15%) of total Class A share issued as at year-end.

Included in dividend expense is \$141,625 (2023 - Nil) of dividends paid to shareholders of the Group who are related parties.

Included in expenses for the current year are financial services fees of \$464,945 (2023 - \$477,698) paid to Great Pacific Mortgage Investments Ltd. ("GPML") who is related by virtue of common officers and directors. This is before goods and services tax of \$23,247 (2023 - \$23,885). GPML is responsible for the day-to-day operations and providing all general management and administration services to the Group. Under a financial services agreement, GPML is entitled to a fee equal to 2% per annum of the outstanding balance of the assets under management calculated monthly and payable monthly.

Directors' fees of \$84,000 (2023 - \$84,000) were paid to directors of the Group. These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Events after the reporting period

Subsequent to year-end, the Group has committed to fund one mortgage for a total of \$3,350,000 to be funded in the 2025 fiscal year.

15. Contingency

Accredit has been joined to an action between South Island Aggregates Ltd (SIA) et al v. E-Pro Enterprises Inc. (E-Pro) et al under SCBC action No. VIC-S-S-113857. This litigation is in regard to contaminated soils being moved by E-Pro and Quantum Murray Inc. from the property formerly owned by 0848052 B.C. Ltd. (Thetis Cove) to a site owned by SIA. Accredit has appealed the ordered amendments to the pleadings. The plaintiff has not yet filed it's amended notice of claim that sets out the allegations against Accredit.

The amount, timing and outcome of this litigation cannot be determined at this time and no amounts have been accrued for this action.

16. Financial instruments

The Group as part of its operations carries a number of financial instruments consisting of cash, accounts receivable, mortgages receivable, and accounts payable and accruals. It is management's opinion that the Group is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

16. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates and that at the end of a mortgage's term, it will be repriced to a prevailing interest rate lower than the original one. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. This risk is mitigated by the fact that the Group is not exposed to market mortgage rates as there is no specific market for mortgages of a similar type, term or credit risk. This has allowed the Group to renew its mortgages at consistent rates.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group enters into transactions to purchase goods and services on credit and manages Class A share repurchases. Liquidity risk is measured by reviewing the Group's future net cash flows for the possibility of a negative net cash flow.

The Group manages the liquidity risk resulting from accounts payable and accruals, share repurchases and dividends payable by investing in mortgages with short term maturities. The Group commits to mortgages receivable only on an assured cash availability basis.

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 foreign 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 Group enters into transactions to advance funds on mortgages where an interest rate based upon current mortgage interest rates is charged on the advance date.

Other price risk is mitigated by the fact that the Group is not exposed to market mortgage rates as there is no specific market for mortgages of similar type, term or credit risk. Due to this fact, a 1% change in market mortgage interest rates would not change the fair value of mortgages receivable.

The Group managed its other price risk by investing in mortgages with short term maturities to minimize fluctuations in fair value as a result of market mortgage interest rate changes.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Group classifies the fair value of the financial instruments according to the hierarchy based on the amount of observable inputs used to value the instrument. The information about the hierarchy on classifying the fair value of the financial instruments is included in Note 4.

The fair value of cash and accounts payable and accruals, approximate their carrying value because of the limited term of these instruments.

There is no quoted price in an active market for mortgages receivable. Management makes its determination of fair value based on its assessment of the current lending market for mortgages receivable of same or similar terms. Fair value of mortgages receivable approximates their carrying value because of the limited term of these investments as the mortgages receivable either are fully repayable to the option of the borrower without penalties after the first 12 months or mature within the next 12 months; and the mortgages receivable have various fixed interest rates associated with each mortgage.

All of the Group's financial instruments measured at fair value are based on Level 1 inputs.

Accredit Mortgage Ltd.
Notes to the Consolidated Financial Statements
For the year ended September 30, 2024

16. Financial instruments *(Continued from previous page)*

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9 Financial instruments, per the accounting policy defined in Note 4. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Management estimates expected impairment losses on the portfolio to be \$450,000 for the current year.

The gross carrying amount of financial assets and exposure amount of loan commitments and financial guarantee contracts represents the maximum exposure to credit risk for that class of financial asset.

The maximum exposure to credit risk as at September 30, 2024 is the carrying value of its mortgages receivable and accounts receivable, which total \$18,239,933 (2023 - \$18,411,856). The Group has recourse under these mortgages in the event of default by the borrower, in which case the Group would have claim against the underlying property, often in conjunction with other forms of security such as personal and corporate guarantees and general security agreements.

A credit concentration exists relating to mortgages receivable. As at September 30, 2024, no borrowers accounted for a significant percentage of the mortgages receivable balance (2023 – one borrower for 12% over one mortgage with security of 12 individual titles). The Group believes that there is no unusual exposure associated with the collection of these receivables.

	September 30, 2024			
	Stage 1	Stage 2	Stage 3	Total
Construction	6,606,780	-	2,018,431	8,625,211
Residential	6,432,310	1,142,110	748,298	8,322,718
	13,039,090	1,142,110	2,766,729	16,947,929

	September 30, 2023			
	Stage 1	Stage 2	Stage 3	Total
Construction	9,021,794	-	1,802,215	10,824,009
Residential	5,266,382	2,321,465	-	7,587,847
	14,288,176	2,321,465	1,802,215	18,411,856

ACCREDIT MORTGAGE LTD. - PORTFOLIO SYNOPSIS

UPDATED June 5, 2025										
Mtg #	Security	Mortgage Amount	Prior Mortgage(s)	Value	L / V Ratio	Amount advanced to date	Interest Rate	Mat Date	Comm or Res	Property Description / Comments
					#DIV/0!					
409	2nd charge	210,000.00	813,000.00	1,455,000.00	70.31%	210,000.00	7.95%	2025-09-01	Res	Bridge financing over home that has been sold.
408	2nd charge	1,600,000.00	470,000.00	3,099,000.00	66.80%	1,600,000.00	7.95%	2025-10-01	Res	Bridge financing over 2 homes in Victoria to provide time to move & sell one property
407	1st charge	900,000.00	-	2,250,000.00	40.00%	900,000.00	10.95%	2025-09-01	Res	1st mortgage over waterfront property (5 unit resort-zoned residential) in North Qualicum. Funds to pay out existing first mortgage to allow for renovations/repairs.
406	Inter alia 2nd /2nd charges	3,350,000.00	4,200,000.00	12,430,000.00	60.74%	3,350,000.00	8.00%	2025-08-01	Res	Vendor (Accredit) take-back mortgage of the share sale of 1483295 BC Ltd. 2nd mortgage over 3 residential lots, 7 new homes and purchaser's residence. New homes are listed for sale on MLS.
401	2nd charge	233,272.00	775,000.00	1,550,000.00	65.05%	233,272.00	11.95%	2026-03-01	Res	2nd mortgage over personal residence in Squamish. Funds used to consolidate debts.
399	1st charge	1,750,000.00	-	3,800,000.00	46.05%	1,750,000.00	11.95%	2026-02-01	Res	Assist in purchase of new personal residence in Comox. Low LTV (loan to value) ratio.
395	1st charge	892,704.00	-	1,350,000.00	66.13%	892,704.00	10.95%	2025-11-01	Res	First charge over newly constructed home.
394	2nd charge	85,000.00	396,000.00	880,000.00	54.66%	85,000.00	12.00%	2025-11-01	Res	Strong equity and proven credit history. Well located personal residence in Victoria. Debt consolidation.
393	Inter alia 1st / 1st / 2nd / 2nd	1,067,243.00	1,165,000.00	3,807,000.00	58.64%	1,067,243.00	11.95%	2025-10-01	Res	Funds for purchase and renovation of 2 properties in Chemainus. Two primary residences, in Victoria & Duncan, used as additional security. One Chemainus property has been sold and the other is listed @ \$1,299,000 MLS #994689.
390	2nd charge	125,000.00	175,000.00	588,000.00	51.02%	125,000.00	10.95%	2025-09-01	Res	Second mortgage over rental condo in Victoria. Low LTV. Previous borrower. Funds for investment in business.
384	1st charge	550,000.00	-	980,000.00	56.12%	550,000.00	11.95%	2025-09-01	Res	Assist in purchase of lot and construction of single family home in Mill Bay. Construction complete.
379	Inter alia 1st / 1st	530,000.00	-	1,022,000.00	51.86%	530,000.00	11.95%	2025-07-01	Res	1st mortgage for purchase of 10 acre residential lot near Sooke with Inter alia 1st charge over residential lot in Ladysmith.
366	1st charge	862,158.00	-	1,400,000.00	61.58%	862,158.00	11.95%	2026-06-01	Res	First charge on development property in Sooke.
356	1st charge	756,009.00	-	950,000.00	79.58%	756,009.00	10.95%	2025-12-01	Res	New spec home on Silver Spray Dr. in Sooke. Previous borrower.
352	2nd charge	301,000.00	709,316.00	1,450,000.00	69.68%	301,000.00	11.95%	2025-11-01	Res	Bridge financing for purchase of home in Sooke plus funds for renovations. Renovations are complete. MLS#989625 @ \$1,650,000.00.

ACCREDIT MORTGAGE LTD. - PORTFOLIO SYNOPSIS

268	Inter alia 2nd charge	2,400,970.00	1,310,000.00	8,621,000.00	43.05%	2,400,970.00	24.00%	2024-03-01	Res	Inter alia mortgage over 6 residential properties in Victoria/Saanich. Proposed multi-family development with DP application in progress. Foreclosure. Accredited has "Conduct of Sale" and has listed the primary property (4 houses) for sale @ \$5,300,000.00. MLS #994304. The two condos shall also be listed/sold if required.
		15,613,356.00	10,013,316.00	45,632,000.00	56.16%	\$ 15,613,356.00			TOTAL	
						5,126,002.00			CASH ON HAND AS AT June 5, 2025	
						\$ 20,739,358.00			TOTAL ASSETS	

* TOTAL NUMBER OF ISSUED AND OUTSTANDING CLASS 'A' SHARES AS OF June 5, 2025: 14,879,254

** To view the MLS listings, please visit www.realtor.ca and input the MLS #.

*** Great Pacific Mortgage & Investments Ltd. confirms that Accredited Mortgage Ltd. conforms to the requirement to remain as a Mortgage Investment Corporation.

SUBSCRIPTION AGREEMENT

THIS AGREEMENT is dated the _____ day of _____, 20____

BETWEEN: **ACCREDIT MORTGAGE LTD.**, 101 – 835 View Street, Victoria, B.C., V8W 3W8
(hereinafter called the "Company")

OF THE FIRST PART

AND: _____

please print name(s) and address(es) as you wish them to appear on the Share Certificate
(hereinafter called the "Buyer")

OF THE SECOND PART

WHEREAS:

- A. The Company is incorporated under the laws of the Province of British Columbia and carries on business as a mortgage investment corporation [as such term is defined in the Income Tax Act (Canada) (the "Tax Act")].
- B. The Buyer wishes to subscribe for certain Class "A" Voting Shares, without par value, in the capital of the Company (the "Class "A" Shares") and the Company has agreed to accept such Subscribed on the terms and conditions herein.

THEREFORE:

1. The Buyer hereby subscribes for _____ Class "A" Shares (the "Subscribed Shares") at an issue price of \$1.31 each and tenders herewith payment of \$ _____ (the "Subscription Price") made payable to the Company.
2. The Buyer acknowledges that, because the Buyer has 2 business days to cancel this agreement, the issuer will hold the Subscription Price until such period has expired. The Company will then issue a Share Certificate for the Subscribed Shares forthwith upon deposit of the Subscription Price into its bank account and will make same available to the Buyer as soon as the instrument representing the Subscription Price has cleared the financial institution upon which it is drawn.
3. The Buyer represents and warrants to the Company that the Buyer is purchasing the securities hereunder:
(i) as principal for his or her own account and not for the benefit of any other person OR
(ii) as Trustee for: _____
(please cross out inappropriate section)
4. If the Buyer is an individual, he or she has attained the age of majority and has the legal capacity and competence to execute this Agreement, and to take all actions required pursuant hereto.
5. If the Buyer is a corporation:
(a) it has the legal capacity and competence to execute this Agreement, and to take all actions required pursuant hereto;
(b) all necessary approvals have been given to authorize it to execute this Agreement, and to take all actions required pursuant hereto; and
(c) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Buyer or of any agreement, written or oral, to which the Buyer may be a party or by which it is bound.
6. The Buyer acknowledges that because this Subscription is being made pursuant to exemptions from the registration and prospectus requirement of applicable securities laws:
(a) the Buyer is restricted from using certain civil remedies available under applicable securities laws;
(b) the Buyer will not receive a prospectus that might otherwise be required to be provided to the Buyer under the applicable securities laws if the exemptions were not being used;
(c) the offering of the securities need not be carried out through an investment advisor; and
(d) the Company is relieved from certain obligations that would otherwise apply under applicable securities laws if the exemptions were not being used.
7. The Buyer acknowledges that the securities being purchased hereunder will be subject to resale or transfer restrictions which will prevent the Buyer from reselling the securities except in very limited circumstances. The Buyer acknowledges that he may never be able to sell these securities.
8. The Buyer acknowledges that the Company is under no obligation to qualify the resale of the securities under a prospectus or assist the Buyer in complying with the resale or transfer restrictions of applicable securities laws. The Buyer further acknowledges that it is the Buyer's obligation to comply with the resale or transfer restrictions in all applicable jurisdictions and the Company offers no advice on those restrictions.
9. The Buyer acknowledges that no securities commission has evaluated or endorsed the merits of the Subscribed Shares and that the person selling the Subscribed Shares has no duty to tell the Buyer whether the Subscribed Shares are a suitable investment.

THE BUYER FURTHER ACKNOWLEDGES THAT (S)HE IS INVESTING IN THE COMPANY ENTIRELY AT HIS OR HER OWN RISK AND (S)HE MAY LOSE ALL OF HIS OR HER INVESTMENT.

10. The Company acknowledges that the Buyer may request that some of the Subscribed Shares be registered in the name of a deferred income plan for the benefit of the Buyer and that initially the Subscribed Shares shall be registered as set forth on the first page hereof. The Buyer covenants and agrees with the Company that, notwithstanding any such designation with respect to registration, the Buyer shall obtain all proxies, consents and other instructions as the Company may require from time to time so that for all purposes of the Company's communications to shareholders, the Company need only direct such communications to the Buyer.
11. The Company acknowledges that the Buyer may purchase the Subscribed Shares from a dealer and the Buyer may negotiate the sales commission with his or her dealer.
12. If the Buyer purchases the Subscribed Shares from a dealer, the Buyer will elect to pay sales charges under either of the following options:
 - (a) Depending upon negotiations with his or her dealer, the Buyer may be charged by the dealer a sales commission ranging from 0% to 5% of the total price the Buyer pays for his or her Subscribed Shares. The Buyer will, at the time of purchase, pay his or her dealer the amount of sales commission agreed upon with his or her dealer (the "Sales Charge Option"), or
 - (b) The Company will pay to the dealer of the Buyer a sales commission of 3% of the total price paid by the Buyer for his or her Subscribed Shares. If the Buyer redeems his or her Subscribed Shares within the first year of purchase, the Buyer will pay to the Company a charge of 4.5% of the total price paid by the Buyer for his or her Subscribed Shares. This charge declines annually by 0.5% until the charge is 0% at the end of year six. (the "Deferred Sales Charge Option")
13. If the Buyer purchases the Subscribed 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 Subscribed Shares acquired by the Buyer 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 Subscribed Shares acquired by the Buyer under the Deferred Sales Charge Option.
14. The principal objective of the Company is to generate income from mortgage investments and through income tax exemptions which result from earning of income as a mortgage investment corporation, which income is not taxable until it is distributed to the purchaser.
15. Dividends in respect of all net income of the Company shall, after providing for such reserves as may be necessary in the discretion of the directors, be declared at such times as the directors see fit to the holders of Class "A" Shares on record as at the date of the dividend declaration. Such dividends may be payable in cash or in additional Class "A" Shares, or part in cash and part in additional Class "A" Shares, at the option of the shareholder(s).
16. If any additional Class "A" Shares are issued to the Buyer by way of dividend which would result in a fractional share being issued to the Buyer, such fractional share shall not be issued, but an equivalent amount of cash shall be paid to the Buyer or held in his or her account, at the sole discretion of the Company
17. The Buyer does irrevocably appoint the CEO of the Company, or failing him the Secretary of the Company, in office from time to time as the Buyer's attorney in fact and do hereby authorise him as such to make and sign on the Buyer's behalf and to deliver any and all waivers of the Buyer's right to receive a pro rata offer with respect to any future allotment of shares in the capital of the Company which such attorney in his discretion sees fit to give under the Business Corporations Act (British Columbia), amended from time to time, the Articles of the Company, or otherwise.
18. All notices, demands and payments required or permitted to be given hereunder shall be in writing and may be delivered personally, sent by facsimile or email, or may be forwarded by first class prepaid registered mail to the addresses set forth below. Any notice mailed as aforesaid shall be deemed to have been given and received on the earlier of actual delivery or on the expiration of 48 hours after it is posted and addressed as follows:
 - if to the Company, at the address set forth on Page 1,
 - if to the Buyer, at the address set forth on Page 1,
 or at such other address or addresses as may from time to time be notified in writing by the parties hereto provided that there shall be between the time of mailing and the actual receipt of the notice due to a mail strike, slowdown or other labour dispute which might affect the delivery of such notice by the mails, then such notice shall only be effective if actually delivered.
19. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and Canada, which shall be deemed to be the proper law hereof.
20. This Agreement shall not be assignable by either part without the prior written consent of the other and any attempt to assign the rights, duties or obligations hereunder without such consent shall be of no effect.
21. This Agreement shall enure to the benefit of and be binding upon the parties hereto and there respective heirs, successors and assigns, as applicable.
22. Each of the parties hereto hereby covenants and agrees to execute such further and other documents and instruments and to do such further and other things as may be necessary to implement and carry out the intent of this Agreement.

23. Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been executed without the valid portion and it is hereby declared the intention of the parties hereto that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.
24. All references to any part to this Agreement shall be read with such changes in number and gender as the context hereof or reference to the parties hereto may require.
25. If the Subscription Price is less than \$150,000.00, the Buyer represents to the Company that the Buyer is (tick one or more of the following boxes):

(a) a Director, Executive Officer* or Control Person* of the Company, or of an Affiliate of the Company:	<input checked="checked" type="checkbox"/>
(b) a Spouse, parent, grandparent, brother, sister or child of a Director, Executive Officer* or Control Person* of the Company, or of an Affiliate of the Company, being _____:	<input type="checkbox"/>
(c) a parent, grandparent, brother, sister or child of the Spouse of a Director, Executive Officer* or Control Person* of the Company, or an Affiliate of the Company, being _____:	<input type="checkbox"/>
(d) a Close Personal Friend of a Director, Executive Officer* or Control Person* of the Company, or of an Affiliate of the Company, being _____ (complete (1) below):	<input type="checkbox"/>
(e) a Close Business Associate* of a Director, Executive Officer* or Control Person* of the Company, or of an Affiliate of the Company, being _____ (complete (1) below):	<input type="checkbox"/>
(f) a Founder* of the Company or a Spouse, parent, grandparent, brother, sister, child, Close Personal Friend or Close Business Associate of a Founder* of the Company (complete (2) below):	<input type="checkbox"/>
(g) a parent, grandparent, brother, sister or child of a Spouse of a Founder* of the Company (complete (2) below):	<input type="checkbox"/>
(h) a person of which a majority of the voting securities are beneficially owned by, or a majority of the Directors are, persons described in paragraphs (a) to (g) (complete (3) below):	<input type="checkbox"/>
(i) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g) (complete (3) below):	<input type="checkbox"/>
(j) a current holder of designated securities* of the Company:	<input type="checkbox"/>
(k) an Accredited Investor* (complete (4) below):	<input type="checkbox"/>
(l) a person or company that is not the public (i.e. the Buyer does not fit any of the descriptions in 25(a) to (k) and is buying the Subscription Shares on the basis of an Offering Memorandum) (complete (5) below):	<input type="checkbox"/>
*See the definitions below.	

(1) If you are a Close Personal Friend or Close Business Associate of a Director, Executive Officer or Control Person of the Company, or Affiliate of the Company, please indicate how long you have known the individual and describe the nature of your relationship, including how you are in a position to assess the capabilities and trustworthiness of the individual:

(2) If you are a Founder of the Company, or a Spouse, parent, grandparent, brother, sister, child, Close Personal Friend or Close Business Associate of a Founder of the Company, or if you are a parent, grandparent, brother, sister or child of a Spouse of a Founder of the Company, please indicate how long you have known the individual and describe the nature of your relationship, including how you are in a position to assess the capabilities and trustworthiness of the individual:

(3) If you are a person of which a majority of the voting securities are beneficially owned by, or a majority of the Directors are, persons described in paragraphs (a) to (g) above, or if you are a trust or estate of which all of the beneficiaries of a majority of the trustees or executors are persons described in paragraphs (a) to (g) above, please indicate how long you have known the individual and describe the nature of your relationship, including how you are in a position to assess the capabilities and trustworthiness of the individual:

(4) If you are an Accredited Investor, have you been recognized or designated as an Accredited Investor or an exempt purchaser? _____ If so, by which securities regulatory authority? _____
If not, please indicate the applicable paragraph and describe how you qualify based on the definition below.

Paragraph _____
Description of Qualifications _____

(5) If you are a person or company that is not the public, please indicate:

Have you have received the Company's Offering Memorandum dated _____, 20____: Yes: _____ No: _____
Have you have completed and returned to the Company a Risk Acknowledgement form: Yes: _____ No: _____

26. The Buyer acknowledges that the Company, in issuing the Subscribed Shares, is relying on his representations as contained in paragraph 25 hereof.

27. The Subscriber acknowledges and agrees that Accredited Mortgage Ltd. is required to file Reports of Exempt Distributions with the appropriate securities regulatory authority of each of its distributions. The following information must be provided: Name, address, phone number, number of shares issued, date of share issuance, of which only the following information: number of shares issued, date of share issuance, is made public.

28. A holder of shares in the Issuer, Accredited Mortgage Ltd., is not entitled to borrow money from the Issuer or covenant the payment of money borrowed from the Issuer. Accordingly, the purchaser hereby represents and warrants to the Issuer that (s)he is not currently a borrower of money from, or covenantor for the payment of money borrowed from, Accredited Mortgage Ltd. and (s)he will not, as long as (s)he is a holder of shared in Accredited Mortgage Ltd., become such a borrower or covenantor.

The parties have executed this Agreement as of the date first above written.

ACCREDIT MORTGAGE LTD.
by its authorized signatory(ies)

SIGNED, SEALED AND DELIVERED by the)
BUYER(S) in the presence of:)

Signature of Witness)

Witness – please print:)

Name)

Address)

Occupation)

As to all signatures)

Signature of Buyer

Telephone number: _____

Social Insurance Number: _____

Birthdate: _____

Email address: _____

Signature of Buyer

Telephone Number: _____

Social Insurance Number: _____

Birthdate: _____

Email address: _____

DEFINITIONS

“Accredited Investor” means

- (a) a Canadian financial institution, or a Schedule III bank,
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada),
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by Directors of that subsidiary,
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the Securities Act (Ontario) or the Securities Act (Newfoundland and Labrador),
- (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
- (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'Île de Montréal or an intermunicipal management board in Quebec;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,
- (j) an individual who, either alone or with a Spouse, beneficially owns, directly or indirectly, Financial Assets having an aggregate realizable value that before taxes, but net of any Related Liabilities, exceeds \$1000 000,
- (k) an individual whose net income before taxes exceeded \$200 000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a Spouse exceeded \$300 000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
- (l) an individual who, either alone or with a Spouse, has net assets of at least \$5 000 000,
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5 000 000 as shown on its most recently prepared financial statements,
- (n) an investment fund that distributes or has distributed its securities only to
 - (i) a person that is or was an Accredited Investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [Minimum amount investment], and 2.19 [Additional investment in investment funds], or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [Investment fund reinvestment],
- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,
- (p) a trust company or trust corporation registered or authorized to carry on business under the Trust and Loan Companies Act (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
- (q) a person acting on behalf of a fully managed account managed by that person, if that person
 - (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and
 - (ii) in Ontario, is purchasing a security that is not a security of an investment fund;

- (r) a registered charity under the Income Tax Act (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,
- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by Directors, are persons that are Accredited Investors,
- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser, or

“Affiliate”: an issuer is an Affiliate of another issuer if

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person.

“Director” means

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

“Eligibility Advisor” means

- (a) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

“Financial Assets” means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“Founder”, in respect of the Company, means a person or company who

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

“Related Liabilities” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

“Spouse” means, an individual who,

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

GUIDELINES

In order to qualify as a “Close Business Associate”, one must have had sufficient prior business dealings with the Director, Executive Officer, Founder or Control Person to be in a position to assess the capabilities and trustworthiness of the Director, Executive Officer, Founder or Control Person. A casual business associate or a person introduced or solicited for the purpose of purchasing securities is not a Close Business Associate. An individual is not a Close Business Associate solely because the individual is a client, customer, or former client or customer. For example, an individual is not a Close Business Associate of a registrant or former registrant solely because the individual is a client or former client of that registrant or former registrant. The relationship between the Buyer and the Director, Executive Officer, Founder or Control Person must be direct. For example, the exemption is not available for a Close Business Associate of a Close Business Associate of a Director, Executive Officer, Founder or Control Person.

In order to qualify as a “Close Personal Friend”, one must have known the Director, Executive Officer, Founder or Control Person well enough and for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of the Director, Executive Officer, Founder or Control Person. The term Close Personal Friend can include family members not already listed in the exemption if the family member is in a position to assess the capabilities and trustworthiness of the Director, Executive Officer, Founder or Control Person. An individual is not a Close Personal Friend solely because the individual is a relative or a member of the same organization, association or religious group. An individual is not a Close Personal Friend solely because the individual is a client, customer, or former client or customer. For example, an individual is not a Close Personal Friend of a registrant or former registrant simply because the individual is a client or former client of that registrant or former registrant. The relationship between the Buyer and the Director, Executive Officer, Founder or Control Person must be direct. For example, the exemption is not available for a Close Personal Friend of a Close Personal Friend of the Director, Executive Officer, Founder or Control Person.

Form 45-106F4

Risk Acknowledgement

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

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. Accredited Mortgage Ltd. will pay \$_____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

Warning: A holder of shares in the Issuer, Accredited Mortgage Ltd., is not entitled to borrow money from the Issuer or covenant the payment of money borrowed from the Issuer.

Accordingly, the purchaser hereby represents and warrants to the Issuer that (s)he is not currently a borrower of money from, or a covenantor for the payment of money borrowed from, Accredited Mortgage Ltd. and (s)he will not, as long as (s)he is a holder of shares in Accredited Mortgage Ltd., become such a borrower or covenantor.

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

Date

Signature of Purchaser

Print name of Purchaser

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

**W
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You have 2 business days to cancel your purchase

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

Issuer Name and Address: Accredited Mortgage Ltd.
101 – 835 View St., Victoria BC V8W 3W8
Phone: (250) 361-4775 Fax: (250) 381-1914
E-mail: info@greatpacificmortgage.com

You are buying Exempt Market Securities

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

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

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

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

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

The issuer of your securities is a non-reporting issuer

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

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

British Columbia Securities Commission
Suite 200 – 865 Hornby Street,
Vancouver BC V6Z 2H4
Phone: (604) 899-6506 or 1-800-373-6393
www.bcsc.bc.ca

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]