

Investor Information Booklet

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What is a Mortgage Investment Corporation?

Mortgage Investment Corporations, or MICs, were created to make mortgage investing easy. The MIC allows individuals to pool their funds, similar to a mutual fund, and invest those funds in a diversified portfolio of residential and commercial mortgage loans. A management company performs the day to day administration of the fund. In this case, Antrim Investments Ltd. (Antrim); having over 30 years of mortgage lending experience. Each year the MIC pays 100% of net income out to its investors in the form of dividends. These dividends can be taken in cash or re-invested in new shares.

Why Mortgage Investment Corporations were created

Investing in private mortgages has long been the favorite investment vehicle of those seeking similar returns to the stock market without taking on the same amount of risk. However, participating in the private mortgage market on your own can be complicated. Mortgage Investing requires strong bookkeeping and underwriting skills not possessed by all investors. Accurate amortization schedules on mortgage loans must be maintained necessitating the use of computer software. Moreover, even if the investor is capable of properly administering the loan, their rate of return is reduced if they cannot reinvest mortgage payments and payouts quickly and efficiently. Investing in residential mortgages typically requires large amounts of capital. Residential mortgage applications are generally over \$100,000; creating a barrier to entry for investors without large amounts of available capital.

The Benefits of MIC investing:

Real Estate Security:

Mortgages purchased by the MIC are secured by Canadian real estate.

RRSP / RRIF Eligible:

Hold your Antrim MIC in a self-directed RRSP or RRIF.

Professional Management:

Antrim has been in the Mortgage Lending business for over 30 years.

Diversification:

Investors own a diversified portfolio of mortgage loans.

Regular Income:

Investors can choose to take their dividends in cash or re-invest in more shares.

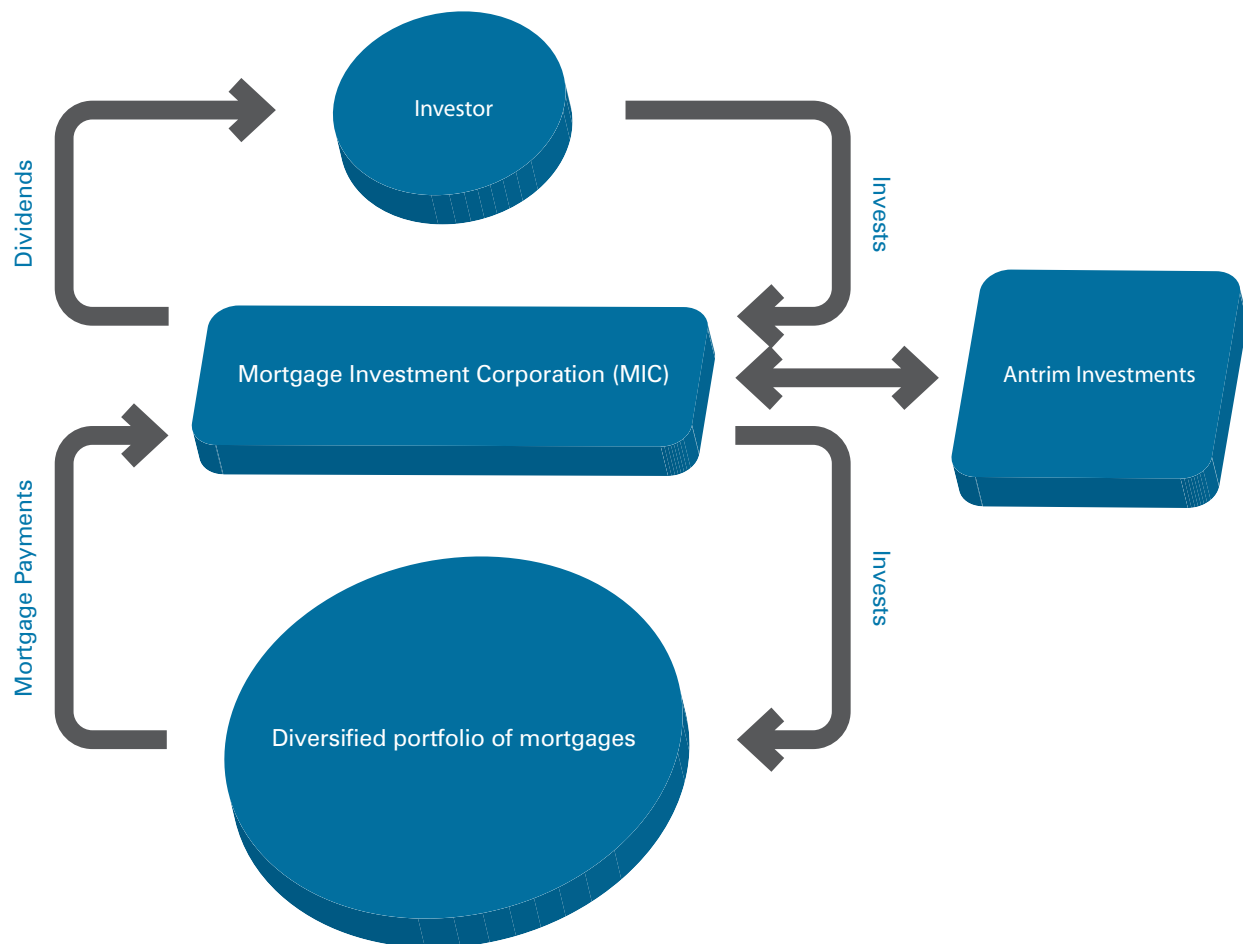
How a MIC Works

Purchasing Shares

The process starts when an Investor first deposits funds into the MIC. These funds are then exchanged for shares of the company. Each investor is entitled to an appropriate number of preferred shares (1 preferred share for every \$1 invested) which entitles the shareholder to his or her share of mortgage income earned by the MIC.

When investing within an RRSP, the investor simply instructs his or her trustee (usually a trust company or other financial institution) to deposit funds on his or her behalf into the MIC. The Trustee receives the preferred share certificate and holds the certificate “in trust” on behalf of the shareholder.

For a typical \$25,000 investment, the investor would receive a preferred share certificate in the amount of 25,000 preferred shares with par value of \$25,000.



How a MIC Works

Portfolio Selection and Administration

Once an investor's funds have been deposited into the MIC, the management team at Antrim selects mortgages to purchase with the new funds. Day to day administration of the portfolio includes: receipt and posting of mortgage payments, funding new mortgages, renewal of existing mortgage loans and maintaining amortization schedules and bank records for the portfolio.

Antrim also maintains an appropriate amount of cash within the portfolio so that existing investors can make redemptions of their principle amount during the year. The amount of cash on hand varies throughout the year and thus large withdrawals, those over \$100,000, may require advanced notice in excess of 90 days.

Dividends

According to section 130.1 of the Canadian Income Tax Act, a MIC must distribute 100% of its annual net income before taxes to shareholders in the form of a dividend. Dividend payments to investors are made on a regular basis; either once per year or once every three months (quarterly), depending on the MIC. Dividend amounts are determined by a professional accounting firm who audits the mortgage portfolio to determine the appropriate amount of dividends to be paid out per preferred share. Dividends are expressed as a percentage (%) and treated as regular income for income tax reporting.

For example, if the dividend rate for the period was 8% and the investor owned 50,000 preferred shares, he or she would be paid 4000 (8% x 50,000) preferred shares.

Dividends may be taken in the form of new shares or Cash. Given par value is maintained at \$1, the investor in the above example could choose between 4000 more preferred shares or \$4000 in cash.

Corporate Audit

At the end of every fiscal year, the MIC is audited by an independent accounting firm. The results of this audit are made available to every investor in the form of audited financial statements. The accounting firm performing the audit attends the annual general meeting of shareholders and will answer any questions an investor may have relating to the audit.

Directors / Shareholder Participation

Antrim believes in active shareholder participation whenever possible. To this end, we encourage shareholders to attend the annual general meeting. Furthermore, our office is always open to investors and we encourage anyone with questions to stop by.

Examples of Previous Mortgages Held Within an Antrim MIC

Greater Vancouver, British Columbia Single Family Residence

Investment:

Second Mortgage

Interest Rate:

10.5% Compounded Monthly

Mortgage Amount:

\$80,000.00

Loan to Value:

68%

Term:

12 Months



Greater Vancouver, British Columbia Executive Single Family Residence

Investment:

Second Mortgage

Interest Rate:

10.5% Compounded Monthly

Mortgage Amount:

\$150,000

Loan to Value:

70%

Term:

12 Months



Examples of Previous Mortgages Held Within an Antrim MIC

Vancouver Island, British Columbia Single Family Residence on Acreage

Investment:

Second Mortgage

Interest Rate:

10.5% Compounded Monthly

Mortgage Amount:

\$132,500

Loan to Value:

47%

Term:

12 Months



Downtown Vancouver, British Columbia Luxury Condominium Unit

Investment:

First Mortgage

Interest Rate:

10% Compounded Monthly

Mortgage Amount:

\$214,000

Loan to Value:

71%

Term:

6 Months



Examples of Previous Mortgages Held Within an Antrim MIC

Okanagan, British Columbia Resort Property on Golf Course

Investment:
First Mortgage

Interest Rate:
9.5% Compounded Monthly

Mortgage Amount:
\$406,000

Loan to Value:
65%

Term:
12 Months



Fraser Valley, British Columbia Residential Construction Financing

Investment:
First Mortgage

Interest Rate:
10% Compounded Monthly

Mortgage Amount:
\$265,000

Loan to Value:
33%

Term:
12 Months



Antrim Investments Ltd.

Corporate Profile

Antrim Investments Ltd. is a full service mortgage broker/lender licensed under the British Columbia Mortgage Brokers Act, administered by the Financial Institutions Commission of BC. Incorporated in 1973, Antrim's initial focus was brokering mortgages between borrowers and private lenders. Today, the company has expanded its area of core competencies to include investment management.

Mortgage Brokerage

Antrim is a broker focused mortgage lender. The company actively markets its funds under management directly to mortgage brokers, rather than receiving applications from the general public. Antrim is a member of the Mortgage Brokers Associations of British Columbia www.mba.bc.ca

Portfolio Management

The company raises mortgage funds via its management of several Mortgage Investment Corporations (MIC). When an Investor makes a deposit into an Antrim MIC, the company then invests the funds in a diversified portfolio of secured mortgages. MIC deposits are RRSP eligible investments. Antrim is a member of the Mortgage Investors Association of British Columbia www.miabc.com

Frequently Asked Questions

How long has Antrim been Managing MICs?

Antrim has been helping investors participate in private mortgage lending since 1973. In the early 1990's, Antrim's existing investors requested the company start up a MIC so as to simplify the mortgage investing process. In 1993 Antrim incorporated its first MIC, Tralee Investments Ltd. Currently, Antrim is managing four MICs.

How does Antrim Investments Ltd. find mortgages to invest the MIC's money in?

Antrim Investments Ltd. is an active mortgage broker. Antrim uses its large network of broker contacts to continually fund mortgages within the MIC. Antrim has a qualified team of underwriters who screen applications and only approve those mortgages that meet the fund's criteria as approved by the Board of Directors.

What risks are associated with investing in a MIC?

Although mortgages are considered one of the safest investments, risks still exist. Mortgage loans held within the MIC are secured against real estate; an asset that can fluctuate in value over time. Although over the long term real estate prices have steadily increased, there have been periods of price decline, and thus decline in security owned by the MIC.

Another risk investors face is borrowers not making their payments as agreed. If this happens, the securities may not be affected but substantial legal costs may be incurred to protect the MICs interests. This could result in decreased liquidity of the fund.

To mitigate these risks, the experienced team of underwriters at Antrim carefully review every application to reduce the possibility of non performing loans. Furthermore, strict loan to value guidelines ensure enough equity is available to recover outstanding loan balances in case of foreclosure.

When can I redeem my Shares?

Investors are able to redeem all or a portion of their shares whenever they wish subject to funds being available in the cash account of the fund and subject to the rules set out in the offering memorandum / corporate articles. Usually, amounts of \$25,000 or less can be withdrawn with a few days notice. However, redemptions of \$100,000 or more can take up to 120 days as outlined in the offering memorandum / corporate articles.

How is Antrim Compensated for Administering the MIC?

Antrim administers the MIC via a management agreement signed between the MIC and Antrim. As part of this agreement, Antrim receives a management fee (expressed as a percentage of assets) based on the outstanding mortgage balance of the portfolio on the last day of each month. The MIC pays for all legal, accounting and other associated operating costs during the year while Antrim is responsible for costs relating to the acquisition of mortgages purchased by the MIC.

How often do Investors receive information on the MIC?

Investors receive audited financial statements at the end of every fiscal year. Furthermore, whenever an investor makes a transaction on their account, they are presented with an updated statement of account. Investors are encouraged to attend the AGM.

Frequently Asked Questions

What type of Mortgages does the MIC invest in?

The MIC focuses on residential mortgage loans within major centers of British Columbia. Small commercial loans are also included in the portfolio when they would benefit the MIC. The majority of mortgage receivables are comprised of first mortgages with the balance being made up of second mortgages. Almost all mortgages in the MIC have a one or two year term and are renewable at the borrower's discretion. The MIC collects three months interest charges on mortgages paid out before the end of the term.

What is the expected return of the MIC?

It depends; However, within the current interest rate environment, returns in the 8% – 10% range are reasonable to expect. Talk with an Antrim representative to learn more about what determines the rate of return earned by the MIC.

How do I start investing with Antrim?

It's easy. Call 604.530.2301 today and talk with one of our investment representatives.

What Our Investors Say

"We feel fortunate to have met with Antrim Investments in 1985. Prior to that time we had been getting low returns from Bank deposits. Antrim explained the benefits of investing in mortgages. We have enjoyed the fact that we participate in making decisions on mortgage applications and lending policies. As our retirement funds have grown beyond our expectations we don't hesitate in strongly recommending Antrim Investments Ltd."

S & L Gill

"I have been investing in mortgages with Antrim Investments since 1984. Throughout this period, I have been very happy with the service provided and the results obtained. I was financially able to retire prior to my 65th birthday and I feel that this was in large part due to my investments with Antrim. I have consistently received better than average returns that have been stable from year to year. I would recommend that investors seriously consider investing with Antrim Investments."

P Stockdill, M.D.

"My wife and I have been investors in two mortgage investment companies, both managed by Antrim Investments Ltd. The two companies are Tralee Investments and Armagh Investments Ltd. Our dealings with the two brothers Bill and Bob Granleese who are the principals behind Antrim have both been rewarding financially and more particularly have shown their dedication and complete honesty in their business. From the experience of over 12 years of investing with them, I have no hesitation in recommending Antrim Investments Ltd to other investors."

T.J. Scott

"I first invested in mortgages with Antrim in 1983. I had worked with other mortgage brokers previously and soon realized that, for straight shooting, Antrim were head and shoulders above the others. I have found Antrim to be diligent and completely trustworthy and have had very satisfactory results investing in their MICs."

J. F. Shaw

"We have invested in several Mortgage Investment Corporations managed by Antrim Investments since 1994. We feel that Antrim Investments has been very honest with us and we appreciate the respect they show to all shareholders. We feel secure with our investments that are being managed there. We have recommended these investments to others and will continue to do so. Many members of our family are also investors."

A & L Bucholtz

Experience the Antrim Advantage.

Call us today

604.530.2301

