



# BLUESTRIPE

FINANCIAL LTD.

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## Investor Presentation September 2017

### Important Disclosure

All investments, including Blue Stripe Financial Ltd., carry risks. Past returns are not an indication of future returns and all charts/information in this brochure are for illustrative purposes only and are not intended to imply risk profiles. The Office of the Registrar of Mortgage Brokers at the Financial Institutions Commission regulates the mortgage brokering and lending activities of Mortgage Investment Corporations (MICs) under the Mortgage Brokers Act. 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.

**Contact:** Investor Relations - 1-866-888-4139 or [invest@amurgroup.ca](mailto:invest@amurgroup.ca)

## Overview



BLUESTRIPE  
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Blue Stripe Financial (BSF), founded in 2017, is the newest member of the Amur Financial Group of companies. Relative to the other funds managed by Amur Financial, Blue Stripe provides a more aggressive lending approach. Blue Stripe’s investment objective is to achieve long-term capital appreciation through investments that offer high return potential. Intended for investors who are willing to accept an increased degree of risk, Blue Stripe seeks to invest in higher ratio mortgages over shorter terms & reduced amortizations.

## History of Fund

In 2015 the Directors of Amur Financial investigated entering the unsecured lending segment (similar to MOGO, EasyFinancial, Progressa, Borrowell, the list goes on...). The conclusion arrived at by the Directors was to lend to the same borrowers but to include their house as a part of the transaction – in other words, why lend unsecured when we can lend to the same borrowers secured? The Directors “beta” tested this investment hypothesis by creating a small portfolio of loans (\$350,000) to focus on this segment. Since inception (November, 2015), this portfolio has taken no losses and has yielded in excess of 14%.

# Terminology



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**MIC:** Mortgage Investment Corporation as defined by the Canadian Revenue Agency (CRA)

**Loan to Value (LTV):** The primary risk metric in the mortgage industry. It represents the total loans owing divided by the value of the property (*at the time the mortgage was issued*). For example, assume a client has a property worth \$750k. The same client has a 1<sup>st</sup> mortgage of \$550k and a 2<sup>nd</sup> mortgage of \$35k. The LTVs would be as follows:

$$\begin{array}{l} \text{1<sup>st</sup> Mortgage LTV:} \quad \frac{\$550,000}{\$750,000} = \mathbf{74.00\%} \\ \text{2<sup>nd</sup> Mortgage LTV:} \quad \frac{(\$550,000 + \$35,000)}{\$750,000} = \mathbf{78.00\%} \end{array}$$

**Annual Return:** Always net to shareholder (i.e. after our financial services fee).

# Objectives & Guidelines



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## **Investment Objectives**

- 1) To earn the preferred shareholders a *net* return of Prime + 8.00%.
- 2) Maintain a weighted average LTV of less than 90% of the total mortgage portfolio.
- 3) To keep an average mortgage size not exceeding \$25,000

## **Underwriting Guidelines**

- ▲ Home ownership length must be a minimum of 2 years.
- ▲ Loans are to be urban only on client's primary residence.
- ▲ The term on any mortgage is not to exceed 5 years, amortizations not to exceed 15 years.
- ▲ Property valuation is based on a "Lender Report" in Ontario & tax assessments in BC/Alberta.
- ▲ Property Appraisals are required for all loans exceeding \$40,000.
- ▲ Credit history to determine (i) size of loan and (ii) LTV maximum.
- ▲ Verification of income is required.

## Fund Details (as at August 1, 2017)



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- **Fund Type:** Mortgage Investment Corporation (MIC)
- **Inception Date:** 2015
- **Funds Under Management:** \$1,450,000
- **Minimum Investment:** \$10,000
- **Annual Return 2016:** 14.3% (net to shareholder)
- **Financial Service Provider:** Alpine Credits Ltd.
- **Financial Service Fee:** 0% if annual return <8%; 2% if annual return >8%; 2% + 0.2% if annual return >12%
- **Mortgage Type:** Residential / Owner Occupied
- **Geographical Diversification:** BC, AB, ON
- **Total Number of Mortgages:** 59
- **Average Mortgage Size:** ~\$24,575
- **Weighted Average LTV:** 79.8%.
- **Redemption:** 1 year minimum / biannual thereafter
- **Registered Investment Qualified:** NO (expected in 2018)
- **Auditor:** MNP, LLP

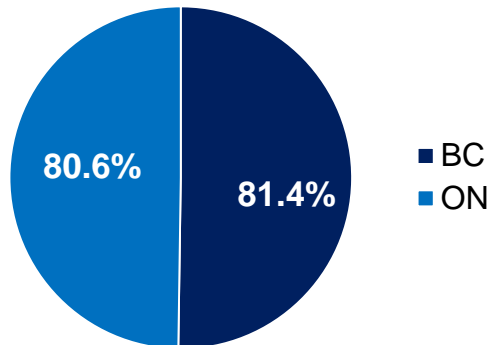
# Mortgage Composition



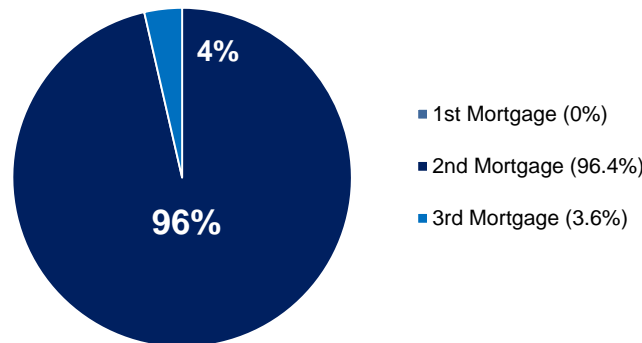
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Geographic Location	# of Mortgages	2nd Mortgages	3rd Mortgages	Total Value	Loan To Value
Vancouver/FV	14	\$375,000	\$0	\$375,000	82.88%
Capital District	4	\$124,000	\$0	\$124,000	79.35%
Other BC	5	\$117,000	\$0	\$117,000	78.76%
Greater Toronto	10	\$214,000	\$41,000	\$255,000	76.92%
Other Ontario	26	568,000	\$11,000	\$579,000	82.28%
<b>TOTALS</b>	<b>59</b>	<b>\$1,398,000</b>	<b>\$52,000</b>	<b>\$1,450,000</b>	<b>79.80%</b>

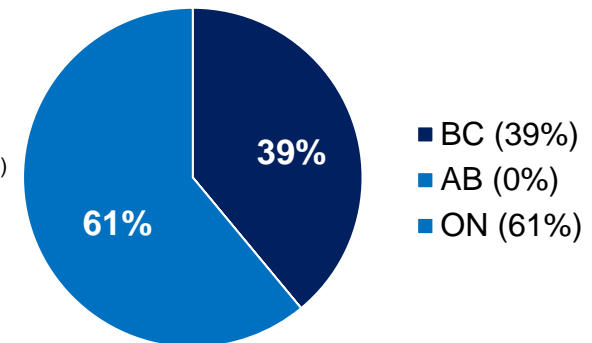
**LTV by Province**



**Security Position**



**Mortgage Location**



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## Mortgage Origination & Fund Management Strategy



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- The Fund is to be administered by Fund Managers a proven business model & track record in the private mortgage industry:
  - Over 50 years combined experience.
  - Currently managing in excess of \$300 Million in private mortgage funds.
- Critical to any MIC's success is its Mortgage Origination Strategy. Most MICs rely on its relationship with Mortgage Brokers to source their mortgages.
- Blue Stripe's strategy is unique in that it bypasses the "middle man" and goes direct to borrowers via its Financial Services provider: Alpine Credits.
- Alpine has a very heavy national media presence focused on sourcing private mortgages.



**Alpine Credits**  
homeowners get approved

# Mortgage Origination & Fund Management Strategy



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- Alpine Credits has been involved in “peer to peer” lending since 1969 & has a very heavy media presence.
  - Proprietary IT & business systems.
  - Centralized infrastructure: Ability to administer large volumes of mortgages.
  - “Geographically Agnostic” marketing strategy - allowing us to shift markets based on current market conditions:
    - Advertising can be used in any province.
    - loans officers are licensed in multiple provinces.

## Advertising Expenditure by Province

Market	2015	2016	2017 (est.)
BC	35%	36%	34%
Alberta	50%	20%	4%
Ontario	15%	44%	62%

- This relationship with Alpine Credits provides Blue Stripe with distinct competitive advantage over other MICs.

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# Board of Directors & Officers



## **Kurt Wipp, President & Director**

Kurt has over 20 years experience in finance, marketing and business operations including roles involving private equity investments, structured finance, capital allocation and investment banking. He holds an MBA from studies at the University of British Columbia and Universita Bocconi (Italy), a Joint Honors degree in Economics and Business from Simon Fraser University and has studied at various world class business schools including the Wharton School of Business, Columbia University, Chicago School of Business and the Oxford Said Business School (UK).

## **Brent Wipp, CFO & Director**

Brent has been involved in the Western Canadian private mortgage market and consumer finance business since 1983 and has been on Manchester's board as a director since its inception. He holds a mortgage brokers license in Alberta and British Columbia and received his Diploma of Technology from Selkirk College.

## **Graham Sawrey, Director**

Graham is a Chartered Investment Manager and has worked in the private mortgage industry since October of 2009. Prior to his involvement with the Company and the private mortgage industry, Graham worked as a financial advisor for four years. Graham holds a mortgage broker's license in Alberta and British Columbia and has a bachelor's degree in Science from UBC.

## **Arif Mulji, Director**

Arif is involved with strategy development and implementation for the organization and, driving sustainable growth for the companies. Arif brings over 15 years of business experience to the Group and has held roles in sales, marketing, sales management, finance and management consulting. Outside of Amur Financial, Arif enjoys teaching in the Business faculties at the University of Calgary and at Douglas College. Arif obtained BSc and MSc degrees from UBC, an MBA (Finance and International Business) from the University of Calgary and the Chartered Professional Accountant designation (CPA, CMA) from CPABC.

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