

August 14, 2020

Dear Valued Shareholder:

**Re: June 30, 2020 Quarter-End Results and Dividend Distribution**

Financial results for the three months ended June 30, 2020 have been calculated, a snap-shot of which follows below, with comparative figures for the previous quarter quoted in brackets:

Net Income (3 months):	<b>\$123,968</b>		(\$145,907)
Net Annualized Yield:	<b>4.83%</b>		(5.72%)
Share Capital:	<b>\$10,300,680</b>		(\$10,237,970)
Mortgage Loan Portfolio:	<b>\$7,038,513</b>	<b>(29 loans)</b>	(\$7,568,706) (32 loans)
Cash on-hand:	<b>\$4,031,316</b>		(\$3,442,029)

The net annualized yield earned for this past quarter of **4.83%** was down from the 5.72% generated for the previous three months ended March 31, 2020. This decrease in yield is due entirely to the stockpile of cash we find ourselves having to hold due to a persistent dearth of new loan fundings while loans in our existing portfolio continue to be repaid at a healthy rate.

During this past quarter a total of \$1,107,288 was repaid between 5-existing loans compared to a total of \$788,000 we were able to advance on 6-construction loans. This, combined with amortizing loan payments, resulted in a net reduction of \$530,193 in our loan portfolio during this past quarter.

Of the \$4,031,316 cash we had on-hand at June 30, 2020 a total of \$309,391 was being held for two existing construction loans, on which were earning standby fees of 4.95%.

During the 3-months to June 30<sup>th</sup> no less than 32-new lending opportunities were presented for our consideration and reviewed, of which 13 totaling \$4,810,000 were diligently underwritten and offers made to lend on.

Of these 13, only 3 totaling \$596,000 were accepted by those Borrowers and out of those 3 only one of \$160,000 was funded right at the end of the quarter. The second loan for \$96,000 funded early this month subsequent to the quarter-end and the third for \$350,000 isn't scheduled to fund until September 15, 2020.

Subsequent to quarter-end 7-new loan opportunities we received, of which 4 totaling \$1,505,000 were deemed acceptable and offers to lend made on two so far. Just prior to going to print, those 2 have already collapsed from competing bids and the other two are still being negotiated.

Included in the 29 loans at quarter-end is still our only one classed as impaired, being the 2-single family building lots in Salmon Arm we have been carrying on our books since 2012. These 2-lots continue to be marketed under our Conduct of Sale at a list price of \$169,900 each