

Dear Valued Shareholder:

Re: December 31, 2020 Quarter-End Results and Dividend Distribution

Results for the quarter ended December 31, 2020 are summarized below, with comparative figures for the previous quarter ended September 30, 2020 in brackets:

Net Income (3 months):	\$130,951	(\$121,516)
Net Annualized Yield:	5.09%	(4.75%)
Share Capital:	\$10,199,890	(\$10,157,580)
Mortgage Loan Portfolio:	\$7,964,572 (32 loans)	(\$6,957,704) (29 loans)
Cash on-hand:	\$3,071,005	(\$3,987,585)

Our net annualized yield of 5.09% earned this past quarter is ahead slightly from the annualized yield of 4.75% generated in the previous quarter ended September 30, 2020. The higher yield is due in part to an increase in the number of loans in our portfolio, as well as from a small savings from what was accrued over the year to cover the cost of the annual review of our financials.

During this past quarter a total of \$3,113,365 was funded with 12 new loans however, we also received back a total of \$2,146,067 in loan repayments on 10 existing loans. Of the 12 new loans funded, one of \$100,000 was cancelled subsequent to quarter-end and 6 are construction loans with a combined total of \$1,496,635 not yet funded at quarter-end on which we are earning Standby Fees averaging 4.21% to hold these funds for future progress advances.

Of the \$3,071,005 cash in the bank at quarter-end \$3,000,000 is being held in guaranteed term deposits with Interior Savings Credit Union on which we are earning 1.10% per annum. These earnings are being recorded on an accrual basis and are enhanced with the aforementioned Standby Fees being earned on the unfunded loan portions of the 6 new construction loans.

After a busy fall right up to Christmas new inquiries have slowed noticeably, common for this time of year. Subsequent to quarter-end only one new loan of \$250,000 was approved but this has since collapsed. Activity is expected to resume late February with what we see in the market.

Still included in the portfolio at quarter-end is the one loan classed as impaired now at \$939,693, including total accrued interest owing of \$688,782 since 2012 (current book value remains at \$250,911). The two single-family building lots forming the security for this loan are listed for sale at \$169,900 each (MLS #10218127 & 10218130). We are hopeful the recent flurry of activity in the market these past number of months will result in some sales this spring.

Subsequent to our report of November 26, 2020 two (2) additional redemption request totaling 16,650 Shares (\$166,500) were received in time for the June 30, 2021 Redemption Date. However, we are pleased to advise the entire amount of these redeeming shares have been purchased by five (5) other current Shareholders just prior to writing this report.

If you would like to add to your investment with Sierra you can possibly do so by purchasing shares from existing Shareholders who decide to redeem all, or a portion of their investment. Just