

April 18, 2023

Dear Valued Shareholder:

Re: March 31, 2023 Quarter-End Results and Dividend Distribution

Results for our 2nd fiscal quarter of 2023 ended March 31, 2023 are summarized below, with comparative figures provided for the previous quarter ended December 31, 2022 in brackets:

Net Income (3 months):	\$141,758	(\$192,732)
Net Annualized Yield:	5.51%	(7.25%)
Share Capital:	\$10,431,300	(\$10,545,500)
Mortgage Loan Portfolio:	\$7,282,199 (26 loans)	(\$7,767,831) (28 loans)
Cash on-hand:	\$3,270,820	(\$2,942,960)

The net annualized yield of **5.51%** earned this past quarter is down noticeably from the 7.25% generated the previous 3-months ended December 31, 2022.

This was expected considering the dramatic slowdown in new lending opportunities experienced over the past 6-months by all participants in the real estate market, which began early this past fall after the aggressive rate increases from the Bank of Canada that started in March of 2022.

Over the past 3-months we reviewed a total of 12 new lending opportunities. Six were declined, three totaling \$1,315,000 had been committed to with one Borrower securing funds through a different source and the other two totaling \$715,000 are waiting to fund; one later this month and the other mid-July. The remaining 3 are still in the due diligence stage.

As a result we only funded \$30,000 on one existing single-family construction loan, we were not successful in funding any new loans (compared to \$1,467,421 funded the previous quarter on 7 loans, 5 of which were existing and only 2 were new).

At the same time we were paid back a total of \$516,550 from the repayment of 3 existing loans (compared to \$3,462,634 repaid from 7 loans the previous quarter, of which 5 were repaid in December of 2022 alone).

Just over the past few weeks we have noticed an increase in the number of loan inquiries submitted for our consideration and have heard rumblings from others in the industry with similar experiences. Hopefully this allows us to get the cash we are holding out working for us.

Of the 26 loans in our portfolio at the end of this past quarter (down from 28 loans the previous quarter) one continues to be classed as non-performing and is under foreclosure. The amount owing under this loan was \$272,971 as of March 31, 2023.

Currently, there is also an amount of nearly \$90,000 owing to the Town of Oliver \$6,652 for outstanding property taxes and \$82,852 owing for demolition of an old derelict house that was on the property, which takes priority over our first mortgage charge.

The current assessed land value for this lot is \$744,000 and we recently commissioned an appraisal, which concluded a market value of \$750,000 for the property leaving us well secured.
