

July 26, 2023

Dear Valued Shareholder:

Re: June 30, 2023 Quarter-End Results and Dividend Distribution

Results for our 3rd fiscal quarter of 2023 ended June 30, 2023 are summarized below, with comparative figures provided for the previous quarter ended March 31, 2023 in brackets:

| | | |
|-----------------------------------------|-------------------------------|--------------------------|
| Net Income (3 months): | \$154,719 | (\$141,758) |
| Income Recapture | <u>\$39,976</u> | (\$0.00) |
| Total Income for the Quarter | \$194,695 | (\$141,758) |
| Annualized Yield (Before Recapture): | 5.91% | (5.51%) |
| Annualized Yield (Including Recapture): | 7.44% | (5.51%) |
| Share Capital: | \$10,492,860 | (\$10,431,300) |
| Mortgage Loan Portfolio: | \$7,402,301 (24 loans) | (\$7,282,199) (26 loans) |
| Cash on-hand: | \$3,257,917 | (\$3,270,820) |

Boosting our yield this past quarter was an additional \$39,976 in recaptured interest earnings on a previous impaired loan, bringing our net earnings for the quarter to a total of \$196,695 to produce a combined overall annualized yield of 7.44% for those 3-months.

These recaptured funds were received in exchange for the release of a judgement we held against an individual responsible for the loan and were paid in addition to the \$50,904 we recaptured over and the above the loan principal in May of 2021 from the Court Ordered sale of the two single-family lots that comprised the first mortgage security for that loan.

Excluding this recaptured amount, net income from operations alone was \$154,719 giving us a net annualized yield of 5.91%, up slightly from the net annualized yield of 5.51% earned in the previous quarter ended March 31, 2023.

During the period we funded a total of \$1,150,606 over two new loans, increases to two existing loans and progress advances made on three construction loans (compared to only \$30,000 funded the previous quarter on one existing construction loan).

Offsetting this however was the repayment of \$1,076,498 from four existing loans paying out (compared to \$516,550 repaid from three loans the previous quarter the previous quarter).

Subsequent to the end of the quarter we have approved three new loans totaling \$898,400 all of which are scheduled to fund on July 31, 2023.

Of the 24 loans in our portfolio at the end of this past quarter (down from 26 loans the previous quarter end) one is still classed as non-performing and is in foreclosure. The amount owing under this loan including accrued interest and costs incurred to June 30, 2023 was \$290,653.

On May 2nd of this year the Courts granted us Order Nisi with a 6-month redemption period to the Borrower effective as of April 18, 2023. If the property hasn't sold before, on or before October 18, 2023 we will have the right to list the property for sale and solicit offers, subject to approval by the Courts.
