

**FISGARD CAPITAL CORPORATION**

**FORM 45-106F2**

**OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS**

*The Issuer is a "connected issuer" and "related issuer" of the EMD, within the meaning of applicable securities legislation, by virtue of the EMD's role as an exempt market dealer engaged to sell securities of the Issuer and because the Issuer, the Manager and the EMD have common directors, officers and securityholders. See "2.6 Material Contracts – Management Services Agreement", "Item 3: Management of the Issuer", "Item 8: Compensation Paid to Sellers and Finders" and "Item 9: Risk Factors and Conflicts of Interest – 9.2 Conflicts of Interest".*

**Date:** April 30, 2026

**The Issuer**

**Name:** Fisgard Capital Corporation  
**Head Office:** 3378 Douglas Street  
Victoria BC V8Z 3L3  
**Phone:** (250) 382-9255 or 1-866-382-9255  
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**Email:** [info@fisgard.com](mailto:info@fisgard.com)  
**Website:** [www.fisgard.com](http://www.fisgard.com)

**Currently listed or quoted?** No. **These securities do not trade on any exchange or market.**

**Reporting issuer?** No.

**The Offering**

**Securities offered:** Class A shares (Retractable on not less than 90 days' notice)  
Class B shares (Retractable after 5 years)  
Class D shares (Retractable after 3 years)  
Class F shares (Retractable after 1 year)  
(collectively, "**Shares**" and individually, a "**Share**")  
See "Item 5: Securities Offered – Terms of Securities" for a description of the terms of the Shares.

**Price per security:** \$1.00 per Share

**Minimum/Maximum offering:** **\$0 / no maximum.**  
**There is no minimum or maximum offering. You may be the only purchaser.** However, Shares have been sold in prior offerings. For certain information on prior sales of Shares, see "Item 4: Capital Structure – 4.4 Prior Sales".

**Minimum subscription amount:** The minimum subscription amount that may be subscribed for by any one subscriber is \$5,000

**Payment terms:** Cheque, preauthorized debit or bank draft payable to the Issuer at the time of subscription. See "Item 5: Securities Offered – 5.2 Subscription Procedure".

**Proposed closing date(s):** Continuous offering. Closings will occur periodically at the discretion of the Issuer. See "Item 5: Securities Offered – 5.2 Subscription Procedure".

**Income tax consequences:** There are important tax consequences to these securities. See "Item 7: Income Tax Consequences".

Connected and Related Issuer: The Issuer is a "connected issuer" and "related issuer" of Fisgard Capital Management Ltd. (formerly named Neighbourhood Holdings Capital Management Ltd.) (the "EMD"), as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*, by virtue of the EMD's role as an exempt market dealer engaged to sell securities of the Issuer as approved by the Manager offered hereby and based on the fact that the Issuer, the Manager and the EMD have common directors, officers and securityholders. See "Item 8: Compensation Paid to Sellers and Finders" and "Item 9: Risk Factors and Conflicts of Interest".

### ***Insufficient Funds***

**Funds available under the offering may not be sufficient to accomplish the Issuer's proposed objectives. See "Item 2. Business of the Issuer and Other Information and Transactions – 2.5 Insufficient Funds".**

### ***Compensation Paid to Sellers and Finders***

A person has received or will receive compensation for the sale of securities under this offering. See "Item 8: Compensation Paid to Sellers and Finders".

### ***Resale Restrictions***

You will be restricted from selling your securities for an indefinite period. However, Shares are retractable in certain circumstances. See "Item 11: Resale Restrictions" and "Item 5: Securities Offered".

### ***Payments to Related Party***

Some of your investment will be paid to a related party of the Issuer. See "Item 1: Use of Available Funds – 1.2. Use of Available Funds".

### ***Restrictions on Redemption Rights***

You will have a right to require the Issuer to redeem the Shares you hold, but this right is qualified by certain restrictions. As a result, you might not receive the amount of proceeds that you want. See "Item 5: Securities Offered – Terms of Securities".

### ***Purchaser's Rights***

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue for damages or to cancel the agreement. See "Item 12: Purchasers' Rights".

**No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 9: Risk Factors and Conflicts of Interest".**

**TABLE OF CONTENTS**

FORWARD-LOOKING STATEMENTS	4
INCORPORATION BY REFERENCE OF CERTAIN MARKETING MATERIALS	4
ITEM 1: USE OF AVAILABLE FUNDS	5
1.1 Funds	5
1.2 Use of Available Funds	5
ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS	6
2.1 Structure	6
2.2 The Business	7
Investment Objectives and Strategy	7
Mortgage Investment Guidelines	9
Non-mortgage Investments	11
Non-Mortgage Investment Guidelines	12
Use of Borrowing	13
Lending Flexibility	14
Operating Costs	15
Tax Act MIC Criteria	15
2.3 Development of Business	16
Portfolio Summary	16
Mortgage and Investment Portfolio Summary (As at December 31, 2025)	17
Mortgage and Investment Portfolio Summary (As at March 31, 2026)	17
Mortgage Portfolio (As at March 31, 2026)	17
Mortgage Allocation Graphs (As at March 31, 2026)	18
Mortgage Performance Table (As at March 31, 2026)	19
Real Property and Limited Partnership Investments (As at March 31, 2026)	20
Foreclosures and Non-Performing Mortgage Loans	20
Significant Mortgage Defaults in Previous Three Years	23
Significant Real Property Investment Losses in Previous Three Years	23
Significant Limited Partnership Investment Losses in Previous Three Years	23
Reduction of Annual Portfolio Dividend Income	23
Portfolio Performance	24
Historical Returns	24
Growth Rates	25
Ongoing Disclosure	25
Major Events or Conditions	25
2.4 Short and Long-Term Objectives	25
2.5 Insufficient Funds	26
2.6 Material Contracts	26
Management Services Agreement	26

ITEM 3: MANAGEMENT OF THE ISSUER	28
3.1 Directors, Officers, Promoters and Related Parties of the Issuer	28
The Manager	30
Directors and Officers of the Manager	30
3.2 Management Experience	30
3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters	34
3.4 Certain Loans	34
ITEM 4: CAPITAL STRUCTURE	35
4.1 Share Capital	35
4.2 Short-Term Debt	35
4.3 Long-Term Debt	35
4.4 Prior Sales	35
4.5 Retraction History	36
ITEM 5: SECURITIES OFFERED	37
5.1 Terms of Securities	37
5.2 Subscription Procedure	43
ITEM 6: CERTAIN DIVIDENDS OR DISTRIBUTIONS	44
ITEM 7: INCOME TAX CONSEQUENCES	44
7.1 Independent Tax Advice	44
7.2 Summary of the Principal Federal Income Tax Consequences	45
7.3 Eligibility for Investment by Deferred Income Plans	46
ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS	47
8.1 Type and Estimated Amount of Compensation	47
8.2 Relationship between the Issuer and Fisgard Capital Management Ltd.	47
ITEM 9: RISK FACTORS AND CONFLICTS OF INTEREST	48
9.1 Risk Factors	48
Investment Risk	48
Issuer Risk	49
Industry Risk	52
9.2 Conflicts of Interest	55
ITEM 10: REPORTING OBLIGATIONS	55
10.1 Documents	55
10.2 Availability of Information	56
ITEM 11: RESALE RESTRICTIONS	56
11.1 Restricted Period	56
11.2 Manitoba Resale Restrictions	56
ITEM 12: PURCHASERS' RIGHTS	56
12.1 Statements Regarding Purchasers' Rights	56
Two Day Cancellation Right	57

Statutory Rights of Action in Event of a Misrepresentation	57
Contractual Rights of Action in Event of a Misrepresentation	61
12.2 Cautionary Statement Regarding Report, Statement or Opinion by Expert	62
ITEM 13: FINANCIAL STATEMENTS	F-1
13.1 Audited Financial Statements (December 31, 2025)	F-1
ITEM 14: CERTIFICATE OF THE ISSUER	C-1

### ***FORWARD-LOOKING STATEMENTS***

This Offering Memorandum includes forward-looking statements with respect to the Issuer. A statement is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as "anticipate", "believe", "intend", "expect", "goal", "may", "outlook", "plan", "seek", "should", "strive", "target", "could", "continue", "potential" and "estimated", or the negative of such terms or comparable terminology. You should not place undue reliance on forward-looking statements. In particular and without limitation, this Offering Memorandum contains forward-looking statements pertaining to the following: the intended course of conduct and future operations of the Issuer, the intended mortgage portfolios and limited partnership investments, the Issuer's intended use of proceeds, the Issuer's short- and long-term objectives and the Issuer's continuing intention to qualify as a "mortgage investment corporation" under the Tax Act (defined below). These statements are based on assumptions made by the Issuer about the success of the Issuer's investment policies in certain economic and market conditions, relying on the experience of the Issuer's and the Manager's (as defined below) directors, officers and employees and their knowledge of historical economic and market trends including: our expectations regarding the composition of the mortgage portfolios, our expectation that we will complete the Offering, the ability of the Issuer to establish and maintain relationships and agreements with key strategic partners, the ability of the Issuer to maintain its mortgage broker license, the ability of the Issuer to adjust the mix of mortgages in the mortgage portfolio in response to market conditions and investment opportunities and anticipated costs and expenses of the Offering. Investors are cautioned that the assumptions the Issuer makes, and the success of the Issuer's investment policies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Issuer's policies as well as the Issuer's actual course of conduct. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual results or events to differ materially from those anticipated in such forward-looking statements. Investors are urged to consider various factors when considering these statements, including, but not limited to the risks discussed under "Item 9: Risk Factors and Conflicts of Interest". Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. These forward-looking statements are made as of the date of this Offering Memorandum and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### ***INCORPORATION BY REFERENCE OF CERTAIN MARKETING MATERIALS***

Certain written marketing materials delivered or made available to prospective purchasers in relation to the distribution of Shares under this Offering Memorandum are incorporated by reference into this Offering Memorandum and are considered to form part of this Offering Memorandum just as if they were printed as part of it. In Alberta, Saskatchewan, Ontario, Quebec, New Brunswick and Nova Scotia all OM marketing materials (as defined below) related to a distribution under this Offering Memorandum that are delivered or made reasonably available to prospective purchaser before the termination of the distribution are hereby incorporated by reference into this Offering Memorandum. For these purposes, "OM marketing materials" means a written communication, other than an OM standard term sheet (as defined below), intended for prospective purchasers regarding a distribution of securities under an Offering Memorandum delivered under section 2.9 of National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") that contains material facts relating to the Issuer, Shares or otherwise to the offering of Shares. An "OM standard term sheet" means a written communication intended for prospective purchasers regarding a distribution of Shares under this Offering Memorandum delivered under section 2.9 of NI 45-106 that contains only certain prescribed information set out in NI 45-106.

## ITEM 1: USE OF AVAILABLE FUNDS

### 1.1 Funds

The net proceeds of this offering that will be available to the Issuer after this offering are as follows:

	Assuming minimum offering <sup>1</sup>	Assuming maximum offering <sup>1</sup>
A. Amount to be raised by this offering	\$0 <sup>1</sup>	\$15,000,000 <sup>1</sup>
B. Selling commissions and fees	\$0	\$0 <sup>2</sup>
C. Estimated offering costs (including legal, accounting and audit)	(\$50,000)	(\$50,000)
D. Available funds: D = A – (B + C)	(\$50,000)	\$13,900,000
E. Additional sources of funding required	\$0 <sup>3</sup>	\$0 <sup>3</sup>
F. Working capital deficiency	\$0 <sup>4</sup>	\$0 <sup>4</sup>
G. Total: G = (D+E) - F	(\$50,000)	\$13,900,000

#### Notes:

- There is no minimum or maximum offering. The amount shown under "Assuming maximum offering" is an assumed amount for illustrative purposes only. As of April 1, 2026, the Issuer had a total of 313,558,150 shares issued and outstanding for gross proceeds of \$313,558,150.
- No selling agent is paid a commission or a fee by the Issuer in connection with the sale of Shares under this Offering. For a description of the monthly trailer fees payable to the EMD and other dealers, as applicable, see "Item 8: Compensation Paid to Sellers and Finders".
- Although the Issuer intends to fund its investments primarily through capital raised from the issuance of Shares or other equity financings, the Issuer may also fund investments using leverage by issuing debt obligations or otherwise borrowing funds subject to limits applicable to the Issuer as a mortgage investment corporation and other limits imposed by the Issuer's Board of Directors from time to time. As at the date of this Offering Memorandum, the amount of any funds that may be raised using leverage is not known. See "2.3 Development of Business".
- As at the date of this Offering Memorandum, the Issuer does not have a working capital deficiency.

### 1.2 Use of Available Funds

The available funds (see G. above) will be used as follows:

Description of intended use of available funds listed in order of priority	Assuming minimum offering <sup>1</sup>	Assuming maximum offering <sup>1</sup>
Investments in mortgages <sup>2</sup>	\$0	\$13,450,000 <sup>2</sup>
Operating expenses <sup>3</sup>	\$50,000	\$450,000 <sup>2, 3</sup>
Total (equal to item G in the table above under "Item 1.1: Funds")	\$50,000	\$13,900,000

#### Notes:

- There is no minimum or maximum offering. The amounts shown under "Assuming maximum offering" are for illustrative purposes only based on an assumed maximum offering of \$15,000,000. As of April 1, 2026, the Issuer had a total of 313,558,150 shares issued and outstanding for gross proceeds of \$313,558,150.
- The available funds (see G. above) will be invested primarily in mortgages secured by Canadian real estate property. Available funds not immediately invested or otherwise required for operating expenses or general working capital purposes will generally be held in cash and deposited with a Canadian financial institution. For further information, see "Item 2.2: The Business" and "Item 2.3 Development of Business".
- The operating expenses of the Issuer include fees payable to Neighbourhood Holding Company Ltd. (defined below as the "**Manager**"), the manager of the Issuer, for its general management and advisory services equal to

2.00% per year of the Aggregate Capital (as defined below). Based on the assumed maximum offering of \$15,000,000, these fees would amount to \$300,000 per year in relation to the funds raised as part of this offering. See "Item 2.6 Material Contracts – Management Services Agreement" below. Other operating expenses are estimated to be approximately 1% of the funds raised. Based on the assumed maximum offering of \$15,000,000, these other operating expenses would amount to approximately \$150,000 per year.

## **ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS**

### **2.1 Structure**

Fisgard Capital Corporation (defined above as the "**Issuer**") is a corporation continued under the laws of British Columbia on March 13, 2000 and was originally incorporated under the federal laws of Canada on April 11, 1994.

The Issuer intends to qualify as a "mortgage investment corporation" within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") by investing primarily in a portfolio of mortgages on real estate properties located in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. To the extent that available funds are not invested in mortgages, such funds will be generally held in cash and deposited with a Canadian financial institution. The Issuer's investments will be made in accordance with its investment policies from time to time. See "Item 2.2: The Business". For a summary of the criteria that must be met for the Issuer to qualify as a mortgage investment corporation, see "Item 2.2: The Business – Tax Act MIC Criteria".

On October 17, 2025 Fisgard Asset Management Corporation (the "**Old Manager**"), the Manager and Fisgard Capital Management Ltd. (formerly named Neighbourhood Holdings Capital Management Ltd.) (the "**EMD**", and together with the Manager, the "**Purchasers**"), among others, entered into an asset purchase agreement (the "**Asset Purchase Agreement**"), pursuant to which the Purchasers acquired all or substantially all of the assets of the Old Manager (the "**Transaction**"). Prior to the completion of the Transaction, the Old Manager acted in a dual capacity pursuant to a management services agreement dated January 1, 2021 (the "**Old Management Services Agreement**") as both (i) the manager of the Issuer, and (ii) the exempt market dealer engaged in the distribution of the Issuer's securities. Upon completion of the Transaction, the Old Manager ceased to be (i) manager of the Issuer, and (ii) the exempt market dealer engaged in the distribution of the Issuer's securities.

Pursuant to the terms of the Asset Purchase Agreement and in connection with the completion of the Transaction:

- (a) The Old Management Services Agreement was assigned by the Old Manager to the Manager and immediately thereafter amended and restated (the "**Management Services Agreement**"). Pursuant to the Management Services Agreement, the Manager provides the management services previously carried out by the Old Manager. See "2.6 Material Contracts".
- (b) The EMD, a registered exempt market dealer under applicable securities legislation, was assigned the distribution responsibilities previously carried out by the Old Manager and now acts as the Issuer's exclusive dealer in connection with the offering of securities under this Offering Memorandum. See "Item 8: Compensation Paid to Sellers and Finders".
- (c) All of the issued and outstanding voting shares of the Issuer were acquired from the former shareholders thereof in connection with the Transaction.

The Transaction did not result in any change to the Issuer's investment objectives, strategies or overall operations. In addition, the Transaction did not affect the Issuer's organizational structure, legal status or its ongoing obligations to investors. The continuity of key business functions has been preserved to ensure operational stability and consistency in the management of the Issuer's mortgage investment portfolio.

On December 19, 2025, the Issuer amended its Articles to, among other things, (i) redesignate the former Class A shares of the Issuer as "Common shares", (ii) create a new class of shares named "Class A shares", with the special rights and restrictions specified in the Issuer's Articles and described herein, (iii) delete the previously existing classes of Class C shares and Class E shares, of which none were issued, and (iv) introduce conversion rights among Classes A, B, D and F, as described herein and in the Issuer's Articles.

The Manager's principal place of business is located at 440-355 Burrard Street, Vancouver, British Columbia V6C 2G8.

## 2.2 The Business

### Investment Objectives and Strategy

In the course of its business, particularly its mortgage investments, the Issuer will fund mortgage loans with a higher risk level than conventional lenders such as banks, credit unions and trust companies. This is consistent with the essential reason for alternative as opposed to conventional lending and follows the pattern of higher risk-higher return. The Issuer funds mortgage loans including first (senior) mortgages, second (junior) mortgages, and real estate investments that do not necessarily fall within the lending and investment parameters of conventional lenders. A risk premium is charged by the Issuer for the extra due diligence, administration and risk associated with atypical and non-standard mortgages.

Most conventional mortgages are first mortgage charges with loan-to-value ("LTV") ratios that are prescribed by government regulation. These restrictions do not apply to the Issuer as the Issuer is not a regulated lender such as a bank, credit union or trust company. The Issuer sets LTV ratios on individual mortgage loans in accordance with the Manager's loan management experience, due diligence policy, valuation expertise, risk appetite and desired expectation of return. Individual mortgages will not exceed a 75% LTV ratio at the time of origination.

The Issuer intends to engage in funding second mortgage loans with a non-issuer lender sitting in a first position to the Issuer's mortgage. These will generally be ordinary residential mortgages where the Issuer has closely examined the amount and terms of the first mortgage and is satisfied that they are reasonable and are unlikely to present unusual problems in the event of default and foreclosure. In these second mortgage situations, the Issuer will apply its usual level of diligence on each property as well as the borrower(s), guarantor(s) and covenantor(s) to assure itself that the aggregate principal of the first and second mortgages fall within the maximum LTV ratio prescribed by the Issuer.

The Issuer will from time to time engage in mortgage lending on new, renovation, development, and construction projects. This type of lending requires considerably more due diligence, expertise, management and on-going administration. The risk in this type of lending is the relative uncertainty of construction and development costs, uncertainty as to eventual sales of the finished product, fluctuation in interest rates the end buyer may face when negotiating to buy the finished product (a home for instance) and uncertainty as to the cost and availability of materials and labour. These risks are considered by the Issuer during the due diligence process, but the extent to which any risk, or combination of risks, may change during the construction and development stage is unknown. A risk premium is charged by the Issuer for the extra due diligence, management and risk associated with this type of lending.

The Issuer prefers a first (senior mortgage) position for mortgages on construction and development: however, second mortgage positions are considered and may be taken in exceptional circumstances subject to special approval from the Senior Management and, depending on the size of the mortgage loan, the Manager's Credit Committee.

The Manager's Credit Committee consists of members of the Manager's executive team and the Issuer's Board of Directors. It is the committee's responsibility to review mortgages that are deemed by the Issuer's Board of Directors to require credit committee approval.

Where the Issuer elects to engage in mortgage lending on development and construction projects, a specialized diligence valuation of the property both as is where is (prior to development and construction) and valuation of the product 'as complete' will be conducted. This type of mortgage is termed by the Issuer as a **'progressive performance draw mortgage'** and will be administered by the Manager accordingly. In short, in a progressive performance draw mortgage the Issuer advances funds to the borrower in stages and upon certain degrees of completion. This type of mortgage usually involves a series of site inspections of the property by professionals including appraisers and quantity surveyors, and funds are advanced by the Issuer based on satisfactory reports from such professionals.

The Issuer will from time to time engage in mortgage lending on raw (un-serviced) land, serviced lots and land development. The Issuer lends on land on a case-by-case basis and usually not for land speculation purposes. Typically, the Issuer lends up to 65% of land value but is permitted to lend up to 75%, this is dependent upon the

location and mortgage type. If the land is to be developed for construction, the Issuer may consider a construction mortgage as well.

Canada is a large country and greatly varied in terms of real estate values which may range between smaller rural communities and vastly different, densely populated urban areas such as Toronto, Vancouver, Montreal, Calgary, Edmonton, Winnipeg, etc. To minimize risk, enhance its security and strengthen its investment portfolio, the Issuer pays close attention to considerations such as diversification and concentration and closely examines each mortgage loan on a case-by-case basis to ensure that loans are made predominately in areas of Canada that demonstrate economic stability and a reasonable likelihood of growth over time.

When funding mortgage loans, an important consideration for the Issuer is whether there is a reasonably active real estate market for the properties accepted by the Issuer as security for each mortgage loan so that in the event of a mortgage default and legal (foreclosure) action, the subject property(s) have a market in which to be sold. The Issuer takes into consideration and prefers locales where there is a reasonable possibility of conventional mortgage funds (known in the industry as take-out financing) available to replace the Issuer's alternative mortgage loan as and when necessary. Since most of the Issuer's mortgage loans are shorter term loans, as compared to conventional loans, it is important to the Issuer when funding its loans to be able to clearly identify an exit strategy (a way for borrowers to retire the Issuer's mortgages) as the Issuer's mortgages mature.

Competition in all sectors of the investment market is strong. The Issuer must vigorously compete at all times. This involves constant awareness of the needs and preferences of the borrowing and investing public, and a professional and mature understanding of and sensitivity to the relationship between risk and reward at any given time. The Issuer aims to be adept at gathering, assimilating, and assessing an array of data, and must act promptly and effectively without compromising diligence and taking undue risk.

The mortgage lending business is inextricably linked to the real estate market because the underlying security of a mortgage is the value of the real estate charged by the mortgage. As the vast majority of the Issuer's investments are mortgages, the strength of the Issuer's assets are tied directly to the real estate market and the value of the property(s) that secure the Issuer's mortgages. History has shown that real estate values fluctuate. While it is generally conceded that real estate property tends to increase in value over time, the time required may be quite long (perhaps decades). At the same time, there may be sharp fluctuations in real estate value over short periods. **For these reasons, the Issuer believes that the Shares are an investment an investor should consider only if the investor understands the long-term nature of the investment and is not investing just for the short-term as short-term fluctuations in real estate values may have an adverse effect on dividend returns and the Issuer's ability to redeem the investor's Shares.**

As described above, the Issuer is a "mortgage investment corporation" (known colloquially as a "MIC") within the meaning of the Tax Act. As a mortgage investment corporation under the Tax Act, the Issuer is generally permitted to deduct dividends it pays in computing its income. The Issuer's Articles require it to pay as dividends substantially all of its net income and net realized capital gains every year (subject to the directors' discretion to establish loan loss provisions for the Issuer) and, as a result, the Issuer anticipates that it will not be liable to pay income tax in any year. See "Item 7.3 Eligibility for Investment by Deferred Income Plans". "Mortgage investment corporations" appear to have been designed to provide smaller retail investors with an opportunity to invest in real estate related products, including mortgages, directly or through trusts governed by Canadian registered plans such as registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts and first home savings accounts, which are generally not permitted to invest in real estate or borrow. Due to this special tax treatment, "mortgage investment corporations" are subject to certain constraints.

Although the Tax Act's "mortgage investment corporation" criteria would permit the Issuer to invest in a broader range of investments (including, among other things, equity investments in real estate and investments in stocks and securities of Canadian companies), it is the Issuer's policy to invest its capital exclusively in:

- (a) mortgages secured by Canadian real estate property, primarily (i.e., greater than 50%) residential real estate property;
- (b) cash or deposits with banks or other financial institutions; and

- (c) investments in real property which are held directly or indirectly through units of limited partnerships or other vehicles, only in the event of taking action to enforce the Issuer's rights as a secured lender (for example, in a foreclosure situation).

For information on the investment guidelines applicable to the Issuer's investments, see "Mortgage Investment Guidelines" and "Non-Mortgage Investment Guidelines" below.

The Issuer's investment objectives and strategies are established and implemented by the Manager's executive team and mortgage portfolio manager. These individuals also set limits and restrictions on investments and monitor the portfolio's performance.

### ***Mortgage Investment Guidelines***

All mortgage loans made by the Issuer will be made in accordance with the following investment guidelines:

1. The Issuer will not make a mortgage loan unless it is permitted for a "mortgage investment corporation" under the Tax Act and will not result in the Issuer ceasing to qualify as a mortgage investment corporation under the Tax Act.
2. The Issuer will (a) have 50% or more of its capital invested in residential mortgages as opposed to non-residential mortgages, (b) ensure that individual mortgages, except in the case of special circumstance loans, do not exceed a 75% LTV ratio at the time of origination, and (c) require that individual mortgages above \$5,000,000 receive approval by the Board of Directors.
3. The Issuer will make mortgage loans only to borrowers that the Issuer or the Manager approve based on an assessment of the value of the property or properties available as security, and the borrower's income, net worth, creditworthiness, and history of repayment.
4. Mortgage loans will not be made to directors or officers of the Issuer. The Issuer may make mortgage loans to family members of directors or officers of the Issuer.
5. The Issuer does not intend to hold any mortgage loan to or other indebtedness of a person who is an annuitant, beneficiary, subscriber or employer under a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan, first home savings account or tax-free savings account (each as defined under the Tax Act) that holds Shares (a "**Trust Party**"), or to any other person who is a relative of or otherwise does not deal at arm's length with a Trust Party, or to anyone else who would cause Shares not to be a "qualified investment" to the particular trust under the Tax Act.
6. All mortgage loans will be secured in favour of the Issuer, its agent or nominee, either as sole mortgagee or co-mortgagee, and each mortgage will be registered in the appropriate land title office as a charge against the real property subject to the mortgage.

Mortgages held by the Issuer may be registered as conventional or collateral charges, and advances to borrowers under a Mortgage may be made on a term or revolving basis. The Issuer may also invest in Mortgages with alternative payment structures, including Mortgages where interest accrues and is capitalized rather than paid periodically.

7. Security for mortgage loans will consist of any one or more of the following:
  - (a) A first mortgage against real estate having a principal amount not exceeding 75% of the value of such real estate as at the date of initial advance of the loan or, in the case of real estate under development, having a principal amount not exceeding 75% of the value of such real estate upon completion of the development.
  - (b) A second (junior) mortgage secured by real estate having a principal amount which, when added to the principal amount of prior (first) mortgages, does not exceed 75% of the value of such real estate

as at the date of initial advance of the loan or, in the case of real estate under development, does not exceed 75% of the value of such real estate upon completion of the development.

- (c) An inter-alia mortgage (i.e., a blanket mortgage over two or more properties) secured by real estate having a combined principal amount (including prior mortgages) not exceeding 75% of the value of such real estate as at the date of initial advance of the loan or, in the case of real estate under development, a combined principal amount (including prior mortgages) not exceeding 75% of the value of such real estate upon completion of the development.
- (d) A raw land development mortgage (residential or non-residential) secured by real estate having a combined principal amount (including prior mortgages) not exceeding 65% of the value of such real estate as at the date of initial advance of the loan or, in the case of real estate under development, a combined principal amount (including prior mortgages) not exceeding 65% of the value of such real estate upon completion of the development.
- (e) At the date of renewal of any mortgage loan the principal amount including any prior charges may exceed 75% of the value of such real estate or, in the case of real estate under development or redevelopment, the principal amount (including prior mortgages) may exceed 75% of the value of such real estate upon completion of the development or redevelopment.

Notwithstanding the guidelines above, in certain limited circumstances the LTV ratio for a mortgage may be greater than 75% where approved by Senior Management. See "Item 2.2: The Business". This may occur for a variety of reasons such as renewal fees, legal fees and/or declining property value. The mortgage may be renewed based on the borrower's payment history, the borrower's capacity to pay or other factors satisfactory to the Senior Management.

The Issuer believes that there is no single perfect method of real estate valuation, and arriving at value is at best the result of assembling information from many sources including, but not limited to, Accredited Appraiser of the Canadian Institute ("AACI") appraisals. The Issuer tends not to completely rely on a single valuation method. The AACI appraisal, for example, is just one valuation source among many including the Realtor CMA (Comparative Market Analysis) and valuation provided by professional property managers and leasing agents, particularly for commercial real estate. Valuation is a best efforts attempt to compile current and relevant data from as many sources as possible to arrive at an estimate of value. Relevant data can generally be obtained from sources such as property tax assessment rolls, CMHC and various other real estate and mortgage market reports and publications. Data and opinions of value may be obtained from quantity surveyors, developers and builders, engineers, building inspectors, accountants and lawyers specializing in development and business. When the Issuer refers to 'value', it is generally referring to that value arrived at after appropriate market research. Value is essentially a combination of opinions and data from a variety of sources. In the end, 'value' is an estimate, not an absolute.

- 8. Additional security may be obtained by the Issuer, as and when available, in the form of a general security agreement, depending on applicable provincial laws. A general security agreement secures personal property assets of the borrower. These assets will not be considered for LTV ratio calculation purposes.
- 9. The term of a mortgage loan will generally not exceed 24 months after which time a mortgage loan may be renewed or extended, subject to a mortgage underwriting review.
- 10. **Workout loan agreements** – A 'workout loan agreement' is an agreement between a lender and borrower to renegotiate terms on a loan that is technically in default, so as to avoid foreclosure or liquidation. From time to time, the Issuer may enter into workout loan agreements in relation to the Issuer's existing mortgage loans where it can be demonstrated that the workout mortgage loan agreement will likely result in an improved position for the Issuer. Workout loan agreements are the result of a borrower cooperating with the Issuer to explore alternatives to foreclosure or liquidation. This may involve the Issuer receiving additional collateral, extending the term of the loan, providing additional mortgage funding to make the repairs and improvements necessary to sell the property at its optimum price, rescheduling repayments, or other negotiated terms and conditions. The goal of a workout loan is to help the defaulting borrower bring

the mortgage loan back into good standing and avoid foreclosure and possible loss to the Issuer. Workout loans may, depending on the circumstances, exceed the Issuer's 75% LTV ratio ceiling and must be approved by Senior Management. Depending on the size of the loan, approval of the Issuer's Board of Directors may also be required.

As at the date of this Offering Memorandum, the Issuer has no mortgage loans within the "workout loan agreement" category.

11. **Special circumstance loan agreements** - From time to time the Issuer, may find itself in a position where it has foreclosed on a property and is attempting to mitigate a possible loss. A buyer may be interested in purchasing the subject property at a price that is attractive to the Issuer but only provided the Issuer is prepared to finance the purchase on mortgage terms that are more favourable than the buyer can obtain elsewhere in the mortgage market. These special circumstance terms may include, a lower interest rate, lower payments, a longer term and a higher LTV ratio or other terms that are favourable and acceptable to the buyer in exchange for the buyer paying a higher price for the property, which eliminates, or at least mitigates, the Issuer's possible loss on its investment. These loans are termed by the Issuer as 'special circumstance loans' and are made only in unusual and atypical circumstances including those described above. Typically, such loans fall outside of the usual lending policy of the Issuer in one aspect or another, generally involving a higher LTV ratio (reduced cash requirement on the part of the buyer) and a reduced interest rate. Special circumstance loans must be approved by Senior Management and depending on the amount of the loan, by the Manager's Credit Committee.

As at the date of this Offering Memorandum, there are no mortgage loans classified in this category.

12. The Issuer seeks to maximize the amount of funds invested in mortgage loans. As a result, the Issuer may elect to renew mortgage loans as they come due. Factors considered by the Issuer when determining whether to renew mortgage loans may include the LTV ratio at the time of renewal, the borrower's intended use of the property, proposed timelines and loan payment history, the length of the borrower's working relationship with the Issuer and other factors.
13. The Issuer may, from time to time, provide first or second equity mortgage financing to builders and developers for residential and non-residential projects.
14. The Issuer may, from time to time, provide interim, mezzanine or bridge mortgage loans (first and second) to finance new construction and renovation, development and re-development of residential and non-residential property.
15. The Issuer may, from time to time, provide first or second mortgage loans to land developers not only to finance the purchase of the land but to finance the development as well (cost of services including clearing, hauling, installation of water, sewer, power, telephone, cable, gas, roads, curbs, gutters, sidewalks, street-lighting, signage and other services). Such financing may also include amounts to pay for permits, plans, bonding, inspections, strata materials and filings, development cost charges and other costs and fees associated with the development. These mortgages are likely to be progressive performance draw mortgages with amounts advanced from time to time in accordance with development performance and progress.

### ***Non-mortgage Investments***

As noted above, the Issuer intends to invest primarily in a portfolio of mortgages on real estate properties. To the extent that available funds are not invested in mortgages, such funds will generally be held in cash and deposited with a Canadian financial institution. In addition, from time to time the Issuer may experience defaults and impairments in its mortgage investments and these defaults may result in foreclosures which the Issuer may resolve by taking title to the mortgaged property directly or by having title to the property held indirectly through a limited partnership or other vehicle. Accordingly, although the Issuer does not intend to raise capital for the purpose of investing in real property it may from time to time acquire investments in real property as a result of action taken to enforce the Issuer's rights as a secured lender. Any investments in real property held by the Issuer (including indirectly through investments in

limited partnerships or other vehicles) will be made and held in accordance with the investment guidelines established by the Issuer for non-mortgage investments.

As noted, in a situation where the Issuer will acquire title to a mortgaged property, it will do so either by taking title to the property directly or by having title held indirectly through a limited partnership or other vehicle depending on the Issuer's assessment of the structure that is in the best interests of the Issuer. The use of a limited partnership or other vehicle may be preferable for several reasons, including, without limitation, to ensure that the Issuer maintains its status as a "mortgage investment corporation" under the Tax Act (for example, to comply with the prohibition on managing or developing real property) and to maximize the potential sale value of a property. In addition, when a limited partnership or other vehicle is used, the Issuer will implement that structure in a way that it believes is in the best interests of the Issuer. The guidelines for non-mortgage investments below reflect certain elements of the typical structure used by the Issuer for these investments.

### ***Non-Mortgage Investment Guidelines***

**General** - All investments in the Issuer's non-mortgage portfolio will be made in accordance with the following investment guidelines:

1. The Issuer will not make a non-mortgage investment unless it is permitted for a "mortgage investment corporation" under the Tax Act and will not result in the Issuer ceasing to qualify as a mortgage investment corporation under the Tax Act.
2. The Issuer's non-mortgage investments will be limited to:
  - (a) cash, deposits with banks or other financial institutions insured by the Canada Deposit Insurance Corporation or the Régie de l'assurance-dépôts du Québec, or deposits with a credit union; and
  - (b) investments in real property which are held directly or indirectly through limited partnerships or other vehicles, as a result of action taken to enforce the Issuer's rights as a secured lender (for example, in a foreclosure situation) and meet the guidelines described below.
3. The Issuer will subject all non-mortgage investments to appropriate due diligence.

**Guidelines for any real property investments** – As discussed above, although the Issuer does not intend to raise capital for the purpose of investing in real property, it may from time to time acquire investments in real property as a result of action taken to enforce the Issuer's rights as a secured lender (for example, in a foreclosure situation). These investments may be held directly by the Issuer or indirectly through limited partnerships or other vehicles based on the Manager's assessment of what is in the best interests of the Issuer, including to ensure that the Issuer maintains its status as a "mortgage investment corporation" under the Tax Act (for example, to comply with the prohibition on managing or developing real property) and to maximize the potential sale value of a property.

Any investments in real property held by the Issuer directly will be made in accordance with the following investment guidelines:

1. The real property must have been subject to a mortgage held by the Issuer which was in a state of foreclosure or in other circumstances where an investment in the property is considered necessary to enforce the Issuer's rights as a secured lender.
2. The Issuer or the Manager believes that the value of the real property may be enhanced, or its value may not be discounted to the same degree if the property can be sold as a 'non-distressed' property. A distressed property is a property that is in foreclosure.
3. The real property must be held for sale only and must not be developed or managed.
4. The investment must be approved by the Board of Directors of the Issuer.

*Additional guidelines for any investments in real property held through limited partnerships or other vehicles* - In addition to the guidelines above in relation to investments in real property held by the Issuer directly (with the

exception of #3), any investments in real property held by the Issuer indirectly through investments in limited partnerships or other vehicles (which will be unsecured investments) will also be made in accordance with the following investment guidelines:

5. The Issuer will participate in the limited partnership or other vehicle only as a limited partner or shareholder (as applicable) and will not have any control in or over the management of the limited partnership or other vehicle and, in the case of a limited partnership, the general partner of the limited partnership will not be a "related party" to the Issuer as defined under the Tax Act. For financial statement and disclosure purposes the Issuer follows international financial reporting standards where the related party definition differs in that it includes reporting transactions which include close family members.
6. The general partner or other party responsible for management of the limited partnership or other vehicle will review on-going cash and capital requirements and determine the best option to meet on-going cash and capital requirements from time to time. The general partner or other party will have the ability to obtain additional capital from other sources, such as a mortgage or a loan from a bank, credit union or other lenders, including raising capital from limited partners or shareholders. Any mortgage or loan will have priority over the assets of the limited partnership or other vehicle.
7. The co-mingling of assets in a single limited partnership or other vehicle may increase potential exposure based on spreading liability, capital gains or capital losses across the assets. Consideration must be given to limit and avoid this contamination with all initial investments to either a new or existing shell limited partnership or other vehicles.
8. Assets acquired by a limited partnership or other vehicle must be acquired at fair market value. This may result in the Issuer recognizing a loss on the mortgage loan.
9. The Issuer must have a right of first refusal, exercisable in its discretion, in relation to any additional capital required by the limited partnership or other vehicle so as not to dilute its investment; however, in no circumstances will the Issuer be obligated to provide additional capital beyond the amount of its investment in the limited partnership or other vehicle.
10. The Issuer may provide a mortgage loan to a limited partnership or other vehicle, subject to meeting the mortgage loan investment guidelines.

### ***Use of Borrowing***

As a "mortgage investment corporation" under the Tax Act, the Issuer is strictly regulated as to the amount it can borrow to fund mortgage loans and other types of investments. In general terms, under these requirements if 66% of the Issuer's capital is invested in mortgages secured by residential property, then the Issuer may borrow a maximum of five times its shareholder capital, and if only 50% of the Issuer's capital is invested in mortgages secured by residential property, the Issuer may only borrow a maximum of three times its shareholder capital. As a result, the Issuer's ability to borrow (leverage) is considerably limited compared to the borrowing (leverage) power of institutions such as banks, credit unions and trust companies which have vastly higher borrowing limits including deposit-taking capability, sometimes taking on debt (GICs, bank deposits, etc.) at a ratio of twenty-five times its shareholder capital.

While leverage can be lucrative it also carries risk, particularly if borrowings are at floating as opposed to fixed rates of interest. It is up to the Manager and the directors of the Issuer to use leverage carefully and wisely. It is important that the Issuer's shareholders are aware that the Issuer, after appropriate diligence, will entertain borrowing up to the maximum allowed under the Tax Act, and will borrow from conventional banks, credit unions and trust companies as well as private lenders, at no more than acceptable commercial rates of interest. Although the Issuer expects that any such borrowings will be primarily from arm's length financial institutions, the Issuer may borrow funds from private lenders that have business or personal relationships with the Manager or other directors and officers of the Manager or the Issuer, provided that such borrowings are on terms no less favourable than those available from arm's length third parties. Notwithstanding the foregoing, in no circumstances will the Issuer borrow funds from the Manager, any director, officer or shareholder of the Manager or any director or officer of the Issuer, or any immediate family member of or entity controlled by such persons.

It is highly unlikely that the Issuer would be able to borrow five times its capital as the Issuer is not a deposit-taking company; nor would the market lend to that level. It is highly improbable that the Issuer would find a lender that will lend more than 25% of the value of the Issuer's assets or five times the value of its assets (approximating 500% of its capital). To a certain extent, this controls and minimizes the leverage (exposure to debt). Notwithstanding the above, any borrowing or debt of the Issuer represents a risk to the Issuer and its shareholders.

The Issuer may enter a demand operating loan facility with a Canadian financial institution to provide revolving working capital including bridging maturing mortgages and/or investor contributions. This facility will be collateralized by a general security agreement that provides the lender with a first charge on all the Issuer's assets and undertakings. Any amount borrowed under such a loan facility will be within the borrowing limits applicable to the Issuer as a MIC. See "Item 4.2 Short-Term Debt".

In addition, the Issuer may from time to time borrow funds by other means including through the issuance of short-term debenture (debt) instruments and promissory notes to third parties. Borrowings under these instruments may include corporate guarantees and covenants and may be secured by the assets of the Issuer. Any amounts borrowed under such instruments will be within the borrowing limits applicable to the Issuer as a MIC.

### ***Lending Flexibility***

As a "mortgage investment corporation", the Issuer is not a conventional lender, such as a bank, credit union or trust company, but is an alternative lender with more flexible lending criteria. The main value of a mortgage investment corporation (and one of the reasons the Issuer was formed to operate as a mortgage investment corporation) is that it can often fund the mortgages of certain borrowers that conventional lenders cannot. Interest rates of a mortgage investment corporation may be higher than a conventional lender and the default risk may also be greater.

The Issuer's lending flexibility extends to the following:

- (a) Geographical Areas. The geographical areas of Canada in which the Issuer may lend and invest. This area will be the length and breadth of Canada – necessary prerequisites such as language, licensing, registration and market, permitting.
- (b) Mortgage Type. The full array of real estate property types including, but not limited to, residential (freehold and strata) property, and non-residential (commercial and industrial).
- (c) Mortgage Term. The term of its mortgage loans which will range from three months to five years or longer, but generally being one to two years. Such short-term lending is designed to provide the Issuer with greater ability to adapt to changing real estate market values and interest rates.
- (d) LTV Ratios. Latitude in dealing with LTV ratios. While LTV ratios are generally regulated amongst conventional lenders such as banks, credit unions and trust companies, the Issuer's LTV ratio is not regulated. The Issuer sets its own LTV ratios and commensurate fees, interest rates and other financial terms for the mortgages it funds. The Issuer believes that to succeed financially, particularly in a low interest rate environment, it must maximize its flexibility, including LTV ratios, and assess each mortgage investment on its own merits. For further information, see "Mortgage Investment Guidelines" above.
- (e) Due Diligence. Leeway to apply as it deems appropriate due diligence to each loan, valuing the property in many ways, including third-party appraisals, property tax assessment data and opinions from realtors, leasing agents, property managers and other valuations. The Issuer also assesses the strength and credit worthiness of borrowers, covenantors and guarantors and their ability to sustain payments and to repay the mortgage loan in each circumstance.
- (f) Priority. The ranking or priority of its mortgage loans. The Issuer does not intend to restrict itself to investing in first (senior) mortgages only and intends to also invest in second (junior) mortgages.
- (g) Concentration of Mortgage Funds. The concentration of mortgage funds. For example, the ranking or priority of the portfolio may have a significant weighting of first mortgages. The Issuer does its best to avoid unreasonable concentration of mortgage loans with a particular borrower or group of related borrowers, a

particular locale or community or a particular type of real estate product (for example, commercial, industrial, raw land development, construction, fee simple, strata property, etc.) except to the extent such concentration is required to ensure the Issuer is considered to be a "mortgage investment corporation" within the meaning of the Tax Act (for example, with respect to holdings in loans secured on certain residential properties).

### ***Operating Costs***

It is the Issuer's assessment that the Issuer's costs associated with managing its mortgage portfolio are approximately 3.0% to 3.5% of capital per year, including, but not limited to, management, administration, licensing and registration, legal and accounting, advertising and promotion. In addition to these costs, the Issuer will do its best to provide for doubtful accounts by setting aside specific and general reserves.

### ***Tax Act MIC Criteria***

A corporation is a "mortgage investment corporation" throughout a taxation year if, throughout the year, it satisfies the following conditions set out in subsection 130.1(6) of the Tax Act:

- (a) the corporation was a Canadian corporation;
- (b) the corporation's only undertaking was the investing of funds of the corporation and it did not manage or develop any real or immovable property;
- (c) none of the property of the corporation consisted of
  - (i) debts owing to the corporation that were secured on real or immovable property situated outside Canada,
  - (ii) debts owing to the corporation by non-resident persons, except any such debts that were secured on real or immovable property situated in Canada,
  - (iii) shares of the capital stock of corporations not resident in Canada, or
  - (iv) real or immovable property situated outside Canada, or any leasehold interest in such property;
- (d) there were 20 or more shareholders of the corporation, and no person was a "specified shareholder" (see the following paragraph on page 13 below) of the corporation for the purposes of paragraph 130.1(6)(d) of the Tax Act;
- (e) any holders of preferred shares (as defined in the Tax Act) of the corporation had a right, after payment to them of their preferred dividends, and payment of dividends in a like amount per share to the holders of the common shares (as defined in the Tax Act) of the corporation, to participate *pari passu* with the holders of the common shares in any further payment of dividends;
- (f) at least 50% of the corporation's assets (as determined by the cost amount of the assets to the corporation) were comprised of
  - (i) loans secured on "houses" (as defined in section 2 of the *National Housing Act* (Canada)) or on property included in a "housing project" (as defined in section 2 of the *National Housing Act* (Canada) as it read on June 16, 1999)<sup>1</sup>;

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<sup>1</sup> "House", as defined in The *National Housing Act* (Canada), means a building or movable structure, or any part thereof, that is intended for human habitation and contains not more than two family housing units, together with any interest in land appurtenant to the building, movable structure or part thereof;

"Housing project", as defined in the *National Housing Act* (Canada) as of June 16, 1999, means a project consisting of one or more houses, one or more multiple-family dwellings, housing accommodation of the hostel or dormitory type, one or more condominium units or any combination thereof, together with any public space, recreational facilities, commercial space and other buildings appropriate to the project, but does not include a hotel.

- (ii) deposits insured by the Canada Deposit Insurance Corporation (or Quebec DIC);
- (iii) deposits in a credit union, and/or
- (iv) cash.
- (g) the cost amount (as defined in the Tax Act) to the corporation of all real or immovable property of the corporation, including leasehold interests in such property, (except real or immovable property acquired by the corporation by foreclosure or otherwise after default made on a mortgage, hypothec or agreement of sale of real or immovable property) did not exceed 25% of the cost amount to it of all of its property.
- (h) where at any time in the year the cost amount to the corporation of such of its property as consisted of property described in above paragraph (f) was less than 2/3 of the cost amount to it of all of its property, the corporation does not exceed a 3:1 debt to equity ratio; and
- (i) where above paragraph (h) is not applicable, the corporation does not exceed a 5:1 debt to equity ratio.

For the purposes of above paragraph (d), a person will generally be a specified shareholder of a corporation if the person, alone or together with any person related (as defined in section 251 of the Tax Act and as modified in paragraph (d) of section 130.1(6) of the Tax Act) to the person, owns directly or indirectly, more than 25% of the issued shares of any class of the capital stock of the corporation. "Related persons" for this purpose generally include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual's spouse, common-law partner, or child under 18 years of age. The rules in the Tax Act defining "specified shareholders" and "related persons" are complex, and investors should consult with their own tax advisors in this regard.

As a "mortgage investment corporation" under the Tax Act the Issuer is entitled to deduct from its income the amount of taxable dividends it pays to its shareholders. The Issuer's Articles require it to pay as dividends substantially all of its net income and net realized capital gains every year (subject to the directors' discretion to establish loan loss provisions for the Issuer) and, as a result, the Issuer anticipates that it will not be liable to pay income tax in any year. See "Item 7: Income Tax Consequences".

### **2.3 Development of Business**

The Issuer began business in May 1994. The Issuer is qualified as a "mortgage investment corporation" under the Tax Act and has been engaged in raising capital for investments described under "Item 2.2: The Business".

The information contained in this section is as at the dates shown. The actual investments held, and the makeup of these investment holdings will fluctuate over time and are not indicative of the future. All investments are made in accordance with the information and guidelines described in "Item 2.2: The Business".

### **Portfolio Summary**

The following information provides a comparative analysis of the Issuer's mortgage portfolio as at the dates indicated. 11.90% of the total mortgage portfolio consists of inter-alia mortgages, where the Issuer holds a first-priority charge on one or more properties and a junior or second-priority charge on one or more additional properties as cross-

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“Housing project”, as defined in The *National Housing Act* (Canada), means:

- (a) any building or movable structure, or any part thereof, that is intended for human habitation,
- (b) any property that is intended to be improved, converted or developed to provide housing accommodation or services in support of housing accommodation, or
- (c) any property that is associated with housing accommodation, including, without limiting the generality of the foregoing, land, buildings and movable structures, and public, recreational, commercial, institutional and parking facilities.

Note that this definition of “housing project” generally only applies to debts acquired by the Issuer before November 2011.

collateral. For the purposes of portfolio classification, these are categorized as first mortgages; however, the recovery of the full principal may be dependent on the equity available in the junior-position assets.

The following information provides a comparative analysis of the Issuer's mortgage portfolio as at the dates indicated.

***Mortgage and Investment Portfolio Summary (As at December 31, 2025)***

As at December 31, 2025, the Issuer's investment portfolio was comprised as follows:

1. \$315,398,805 in mortgage receivables consisting of \$317,020,864 in mortgage balances (484 mortgages) less \$1,051,253 in provisions for mortgage losses, and less \$570,806 in unamortized lender and modification fees.<sup>2</sup>
2. \$0 drawn down from an available \$60,000,000 demand operating loan facility.
3. \$3,995,647 in cash available for new mortgage funding.

***Mortgage and Investment Portfolio Summary (As at March 31, 2026)***

As at March 31, 2026, the Issuer's investment portfolio was comprised as follows:

1. \$307,877,621 in mortgage receivables consisting of \$309,653,143 in mortgage balances (576 mortgages) less \$1,122,651 in provisions for mortgage losses, and less \$652,871 in unamortized lender and modification fees.
2. \$0 drawn down from an available \$60,000,000 demand operating loan facility.
3. \$10,963,150 in cash available for new mortgage funding.

***Mortgage Portfolio (As at March 31, 2026)***

The average size of each residential mortgage is \$472,711 representing on average 0.15% of the total mortgage portfolio. The average size of each non-residential mortgage is \$2,380,261, representing on average 0.77% of the total mortgage portfolio. The average size of each construction mortgage is \$1,442,353 representing on average 0.47% of the total mortgage portfolio. The largest loan in the portfolio totals 2.05% of the portfolio. Only 1 of 576 current mortgages are for amounts greater than 2.0% of the portfolio. For borrowers that require a greater loan amount than what the Issuer is prepared to offer itself or to reduce the risk of a specific borrower to the Issuer, the Issuer may participate in the mortgage with another mortgage lender, who will then share the risk of the mortgage with the Issuer (referred to as a "syndicated mortgage"). 85.9% of the portfolio's mortgage balance as of March 31, 2026, was held in mortgages maturing within one year.

Currently the Issuer invests in first mortgages and second mortgages in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. The Issuer may lend up to 75% of the value of a property located in a community that evidences a robust real estate market but only up to 65% of the value of a property located in a community that evidence a less robust real estate market.

The Issuer holds a significant portion 96.8% of its mortgage portfolio in first mortgages. While first mortgages are a major emphasis, the Issuer invests in second mortgage loans and feels there is some room to increase second mortgages as a percentage of the total mortgage portfolio.

The weighted average credit score as of March 31, 2026, is 728. This is computed as the sum of the (primary borrower's credit score multiplied by the individual current balance divided by the aggregate current balance total for the

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<sup>2</sup> Unamortized lender and modification fees are determined by summing the unamortized fees for each mortgage within the mortgage portfolio where these lender and modification fees were collected. On each mortgage, the unamortized amount is determined by dividing the fees collected, by the term of the mortgage (in days) and multiplying by the number of days remaining to the mortgage's maturity date.

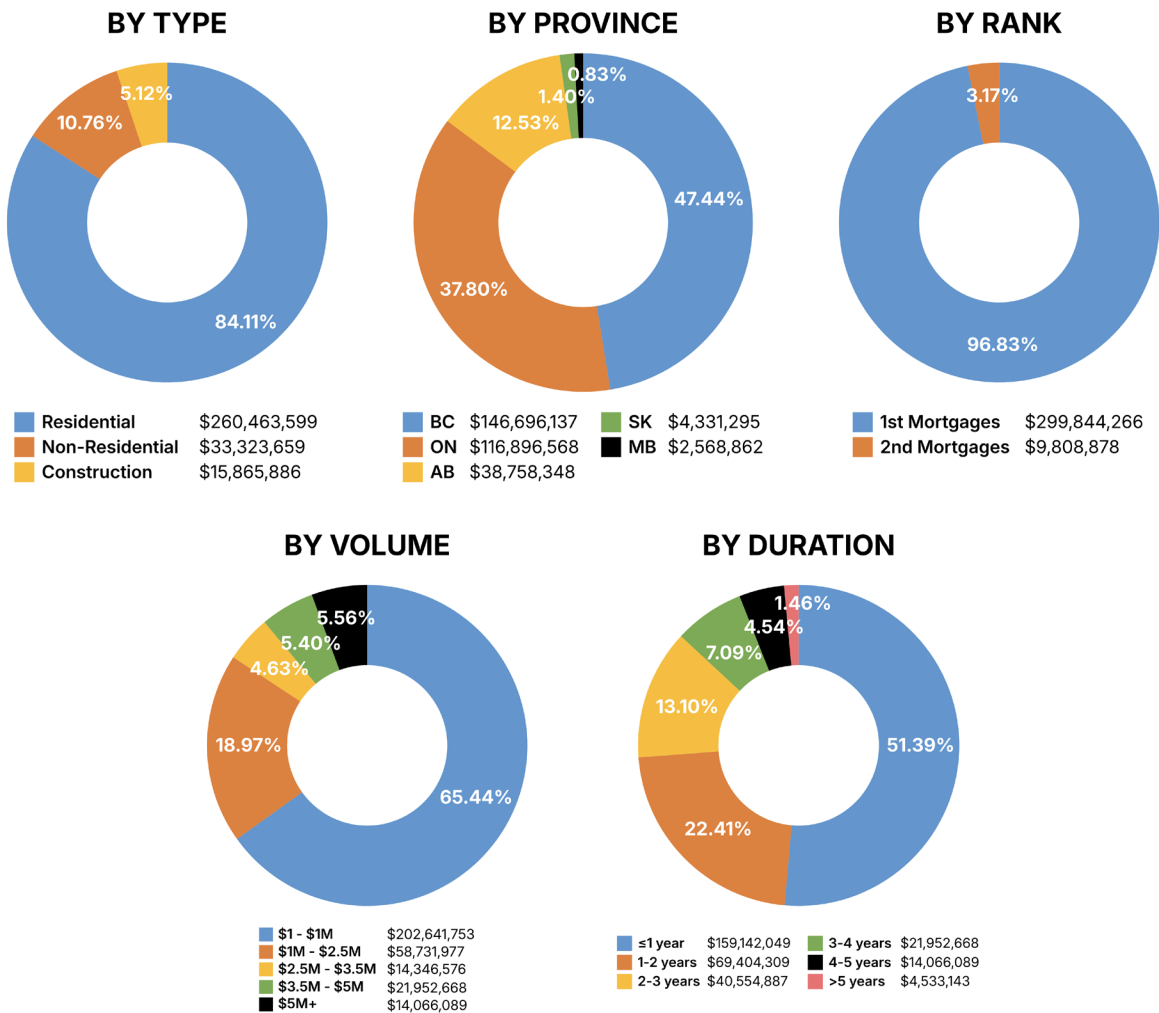
portfolio). Credit rating agencies consider scores of 300 to 579 as poor, 580 to 669 as fair, 670 to 739 as good, 740 to 799 as very good, and 800 to 900 as excellent.

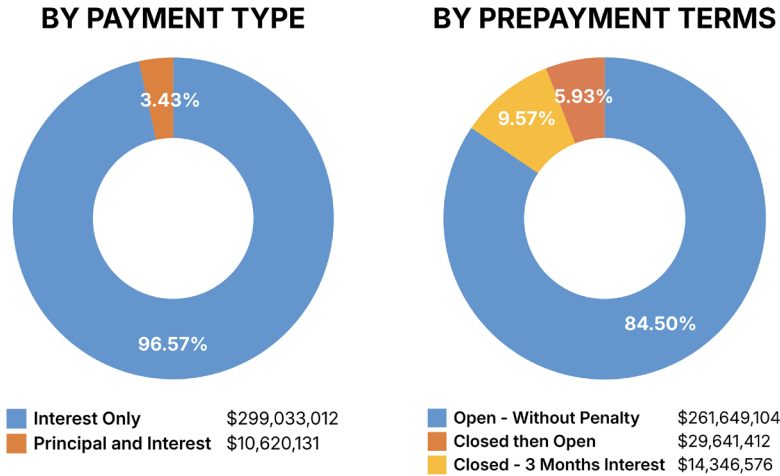
Residential mortgage categories include (but are not limited to), single family homes, apartment buildings, condominiums and townhouses, residential land, and residential construction and mixed-use properties (residential and non-residential combined where the residential portion is 50% or greater). As of March 31, 2026, the residential component makes up 84.11%, construction mortgages total 5.12% and non-residential mortgages total 10.76% by dollar volume of the portfolio. Approximately 9.66% by dollar volume of the Issuer's mortgages are secured against raw land and land development.

In the following graphs and table:

- (a) The "Principal Amount" value reflects the original approved amount of the mortgage loan at the time of funding.
- (b) The "Total Balance" reflects the current balance of the mortgage loan.
- (c) The "By Duration" reflects the amount of time a mortgage will have been in the Issuer's mortgage portfolio at its current maturity date and includes time due to a mortgage renewal or extension.

**Mortgage Allocation Graphs (As at March 31, 2026)**





*Mortgage Performance Table (As at March 31, 2026)*

Loan Type	Property Type	Loans	Total Balance	Avg Loan Balance	Avg Term	Avg Interest Rate	% of Total Balance
<b>Standard</b>	Condo	101	34,398,535	\$340,580	11.76	8.26%	11.11%
	Detached	346	162,833,531	\$470,617	12.23	8.63%	52.59%
	Land	24	29,916,740	\$1,246,531	10.92	10.59%	9.66%
	Row/Town House	52	21,577,606	\$414,954	12.35	8.11%	6.97%
	Semi-Detached	28	11,737,186	\$419,185	11.89	8.87%	3.79%
	<b>Total</b>		<b>551</b>	<b>260,463,599</b>	<b>\$472,711</b>	<b>12.08</b>	<b>8.61%</b>
<b>Construction</b>	Detached	6	5,465,518	\$910,920	12.50	9.33%	1.77%
	Row/Town House	1	2,939,570	\$2,939,570	5.00	10.00%	0.95%
	Semi-Detached	4	7,460,798	\$1,865,200	14.75	9.99%	2.41%
	<b>Total</b>	<b>11</b>	<b>15,865,886</b>	<b>\$1,442,353</b>	<b>12.64</b>	<b>9.63%</b>	<b>5.12%</b>
<b>Commercial</b>	Commercial	12	28,473,790	\$2,372,816	11.67	10.37%	9.20%
	Condo	1	3,024,715	\$3,024,715	15.00	9.70%	0.98%
	Detached	1	1,825,153	\$1,825,153	7.00	11.50%	0.59%
	<b>Total</b>	<b>14</b>	<b>33,323,659</b>	<b>\$2,380,261</b>	<b>11.57</b>	<b>10.40%</b>	<b>10.76%</b>
<b>Grand Total</b>		<b>576</b>	<b>309,653,143</b>	<b>\$537,592</b>	<b>12.08</b>	<b>8.67%</b>	<b>100.00%</b>
Province	Loans	Principal Balance	Avg Loan Balance	Avg Term	Avg Interest Rate	% of Total Balance	
AB	106	38,758,348	\$365,645	12.02	8.27%	12.52%	
BC	181	146,696,137	\$810,476	11.77	8.91%	47.37%	
MB	11	2,568,862	\$233,533	12.09	8.21%	0.83%	
NS	1	401,933	\$401,933	12.00	5.80%	0.13%	
ON	260	116,896,568	\$449,602	12.23	8.73%	37.75%	

SK	17	4,331,295	\$254,782	13.53	8.22%	1.40%
<b>Grand Total</b>	<b>576</b>	<b>309,653,143</b>	<b>\$537,592</b>	<b>12.08</b>	<b>8.67%</b>	<b>100.00%</b>

<b>Position</b>	<b>Loans</b>	<b>Principal Balance</b>	<b>Avg Loan Balance</b>	<b>Avg Term</b>	<b>Avg Interest Rate</b>	<b>% of Total Balance</b>
1st	514	299,844,266	\$583,355	12.07	8.40%	96.83%
2nd	62	9,808,878	\$158,208	12.15	10.91%	3.17%
<b>Grand Total</b>	<b>576</b>	<b>309,653,143</b>	<b>\$537,592</b>	<b>12.08</b>	<b>8.67%</b>	<b>100.00%</b>

***Real Property and Limited Partnership Investments (As at March 31, 2026)***

The Issuer may hold interests in certain real property indirectly through investments in units of limited partnerships that hold interests in foreclosed properties of the Issuer. At the time of this offering there are no Limited Partnership Investments held. The limited partnership structure used by the Issuer to hold interests in foreclosed properties was the subject of a tax ruling obtained by the Issuer in 2013.

***Foreclosures and Non-Performing Mortgage Loans***

From time to time in the normal course of business, mortgage borrowers will default on their loans. This may happen for a variety of reasons including, but not limited to, non-payment or late payment of mortgage payments, non-payment of property taxes, non-payment of property insurance or not maintaining adequate property insurance, non-payment of strata fees and other strata assessments and non-payment of the mortgage balance at maturity.

Depending on the severity of the default and the length of time and difficulty incurred in working through the default and recovery process, the costs to the Issuer can be substantial, and often only part of such costs can be recovered. Actual costs often exceed those costs that are allowed by a court. A prolonged foreclosure action, particularly a complex action, vigorously opposed and perhaps taking place during a market down-turn, can be costly and involve many professionals such as lawyers, receivers, appraisers, quantity surveyors, accountants, leasing agents, property managers and realtors. Often the Issuer must pay property taxes, property insurance, strata fees and assessments, property maintenance, etc. in order to keep the property in good condition and marketable. If the Issuer's mortgage happens to be a second (junior) mortgage, the Issuer, to protect its position, may also have to keep the first (senior) mortgage current and in good standing which may require making payments on the first mortgage. There may also be lienholders and other first charges that have to be satisfied in priority to the Issuer's mortgage. These default action requirements take time, administration and money, and may result in a mortgage deficiency when the property is eventually sold. This mortgage deficiency may be pursued further through personal judgment against borrower(s), guarantor(s) and covenantor(s) until exhausted.

In accordance with the Issuer's mortgage contract any of these defaults constitute a default in the mortgage and give rise to legal action by the Issuer against the borrower(s), guarantor(s) and covenantor(s). The legal action taken is governed by law with enforcement and collection processes varying from province to province. The default and recovery process is organized and strictly managed by a standing department of the Manager.

While the process undertaken upon default varies from mortgage to mortgage and circumstance to circumstance, a default proceeds along the following lines:

1. Notice of default and a request to rectify are sent by the Issuer or the Issuer's lawyer to the borrower.
2. Notice of demand to repay the loan in full is sent to the borrower if the loan impairment is not rectified within the legal time limit prescribed in the notice of demand.
3. Petition to court demanding payment in full of all outstanding principal, interest, costs and judgment against the borrower(s), guarantor(s) and covenantor(s), as approved by the court. The petition will be circulated to as many respondents as are impacted by the foreclosure action and will include such respondents as first mortgage holders, lien holders, guarantors, covenantors, and other vested interests.

4. Petition to court to set a redemption date for the borrower to pay the loan and costs.
5. After the redemption date, and if the loan has not been paid as prescribed, a petition to court for a court-ordered sale and conduct of sale by the Issuer. This may also involve a court order for vacant possession of the subject property or the right of the Issuer to collect rents if the property is an income-generating property.

During this process, and as prescribed by the court, the subject property(s) securing the Issuer's mortgage will undergo a new valuation (the "**Revised Property Value**"), so that the borrower's equity can be established. The length of the redemption period set by the court is often determined by the amount of equity the borrower has in the property(s).

After establishing the value of the property(s) and determining the LTV based on the Revised Property Value, the Manager will measure the probability of a loss and set aside an appropriate reserve accordingly. If the probability of a loss is remote the Manager may choose not to set aside a reserve.

From time to time and as appropriate in the circumstance a Receiver may be appointed. This is most likely to take place if the subject property requires such attention as on-going management, rent collection, maintenance, completion of construction or development, protection of the property and so forth. The Issuer, being a mortgage investment corporation under the Tax Act, is not permitted to manage or develop property; therefore, a receiver may be required to manage such affairs.

From time to time and depending on the circumstance the Issuer, instead of selling the property and sustaining a loss, may choose to petition the court for an order absolute and take title to the property. Provided the property does not involve management or development, the Issuer may hold the property awaiting a more favourable market in which to sell or, as referenced above, have a receiver manage the property on behalf of the Issuer. From time to time, and as appropriate, the Issuer may choose to have the property sold to a qualifying limited partnership or other vehicle in which the Issuer may have a significant interest in (up to 99.99%) as discussed under "Item 2.2: The Business – Investment Objectives and Strategy - *Non-Mortgage Investments*".

If a sale of the subject property or properties results in a shortfall and loss to the Issuer the Issuer will pursue recovery of the shortfall through personal judgment against the borrower(s), guarantor(s) and covenantor(s), a process which is administered through the Manager's collection department.

The Manager, deciding on a case-by-case basis, may set up specific reserves for mortgage loans that are not necessarily impaired or in default but are simply considered as having diminishing equity or experiencing problems or potential problems that warrant extra care and attention.

The Issuer, as a precautionary measure, may classify a mortgage loan as non-performing even though it may not be in default. In such cases the Issuer may choose to recognize the principal balance of the mortgage loan in its financial records but cease to accrue interest on the mortgage loan. If in the end the mortgage loan does in fact perform, the interest portion will be taken back into income.

As of March 31, 2026, the total number of mortgages in foreclosure or non-performing was 11. This represents 1.91% of the number of mortgages in the Issuer's mortgage portfolio and 6.41% of the total value of the Issuer's mortgage portfolio as at that date. The total number of foreclosure mortgages where there is an expectation of a loss is 2.

The table below outlines all mortgage loans in foreclosure and/or non-performing as of March 31, 2026 (the mortgage is in foreclosure unless specifically indicated otherwise).

	<u>1st</u>	<u>2nd</u>		
11	11	0	1.91% of 576 mortgages	6.41% of total portfolio current balance of \$309,653,143

Record	Status	City	Prov	Ran	Original Principal Amount	Balance Owing	Share of Syndicate Mortgage	Original LTV	Revised Valuation Date	Prior Charges	Revised Value	Revised LTV
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## RESIDENTIAL

### Single-Family House

1	F	Ottawa	ON	1st	619,014	836,102	N/A	65.00%	6/10/2025	0	705,000	118.60%
2	F	Toronto	ON	1st	1,600,000	1,684,901	N/A	64.00%	9/15/2025	0	1,925,000	87.53%
3	F	Calgary	AB	1st	487,525	560,992	N/A	65.00%	8/21/2025	0	745,000	75.30%
4	F	Chestermere	AB	1st	328,275	355,662	N/A	65.00%	4/8/2025	0	505,000	70.43%
5	F	St. Catharines	ON	1st	411,450	421,255	N/A	65.00%	4/1/2025	0	633,000	66.55%

### Single-Family Condominium

6	F	Grimsby	ON	1st	472,978	524,746	N/A	63.00%	2/10/2026	0	549,000	95.58%
7	F	Burnaby	BC	1st	682,500	701,223	N/A	65.00%	11/1/2025	0	1,050,000	66.78%

### Land

8	F	Hamilton	ON	1st	363,000	388,523	N/A	50.00%	2/4/2026	0	515,000	75.44%
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## NON-RESIDENTIAL

### Commercial

9	F	Surrey	BC	1st	4,000,000	4,623,672	44.44%	56.25%	8/19/2025	0	16,000,000	65.02%
10	F	Surrey	BC	1st	3,906,586	4,420,949	22.54%	61.68%	2/10/2024	24,500,000	71,770,000	61.47%
11	F	Surrey	BC	1st	4,500,000	5,331,821	14.52%	51.75%	3/13/2025	8,100,000	56,291,000	79.64%

## SUMMARY

11					17,371,328	19,849,845					150,688,000	0
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In the foregoing table:

1. The "Original Balance" value reflects the original approved amount of the mortgage loan at the time of funding. This balance also includes any authorized release of any collateral security occurring after the initial advance of the loan.
2. The "Original LTV" shows the loan to value of the mortgage loan at the time the loan was originally initiated.

3. The "Status" shows as an "F" if the mortgage is in foreclosure.
4. **Notes depicting status of the individual mortgage files in the foregoing table:**
  - (1) Once conduct of sale is granted the property will be listed for sale. Based on the revised value and the extended legal action and extra costs associated with the foreclosure there is a possibility of a shortfall on the mortgage. If that occurs, judgment will be placed on the borrower to secure repayment and attempt to collect any shortfall. Specific reserves have been set aside for this mortgage to cover the expected shortfall.
  - (2) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (3) Property is listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (4) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (5) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (6) Property is being listed for sale. Based on the revised value and the extended legal action and extra costs associated with the foreclosure there is a possibility of a shortfall on the mortgage. If that occurs, judgment will be placed on the borrower to secure repayment and attempt to collect any shortfall. Specific reserves have been set aside for this mortgage to cover the expected shortfall.
  - (7) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (8) Property is listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (9) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (10) Once conduct of sale is granted the property will be listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.
  - (11) Property is listed for sale. Based on the "Revised Value", expectations are to receive the full balance owing.

***Significant Mortgage Defaults in Previous Three Years***

There have been no significant real property losses in the last three years.

***Significant Real Property Investment Losses in Previous Three Years***

There have been no significant real property losses in the last three years.

***Significant Limited Partnership Investment Losses in Previous Three Years***

There have been no significant losses from investments in limited partnerships in the last three years.

***Reduction of Annual Portfolio Dividend Income***

The tables below show the reduction of annual portfolio dividend income as a result of non-performance of significant mortgage loan defaults and the reduction of annual portfolio dividend income as a result of the non-performance of significant mortgage loan defaults when a limited partnership or other investment vehicle is used by the Issuer:

### **Significant Mortgage Defaults**

<b>Year Ending</b>	<b>Mortgage Outstanding Balance</b>	<b>Dividend Income Reduction<sup>1</sup></b>
2023	\$nil	\$nil
2024	\$nil	\$nil
2025	\$nil	\$nil
2026 YTD	\$nil	\$nil

<sup>1</sup> The average mortgage portfolio return is utilized to calculate "Dividend Income Reduction" had the capital been deployed versus the non-performance of the mortgage loan.

### **Significant Mortgage Defaults - Limited Partnership and Real Property Investments**

<b>Year Ending</b>	<b>Total Investments</b>	<b>Total Net Return<sup>1</sup></b>	<b>Dividend Income Reduction<sup>2</sup></b>
2023	\$0	\$0	\$0
2024	\$0	\$0	\$0
2025	\$nil	\$nil	\$nil
2026 YTD	\$nil	\$nil	\$nil

<sup>1</sup> "Total Net Return" includes net income distributions, capital gains and capital losses for a corresponding year.

<sup>2</sup> The average mortgage portfolio return for a corresponding year is utilized to calculate "Dividend Income Reduction" had the capital been deployed in mortgage investments versus limited partnership(s).

### **Portfolio Performance**

#### ***Historical Returns***

The table below shows the annual rate of return of the Issuer for the last 10 fiscal years. The annual rate of return for each period is determined based on the Issuer's adjusted net income for the period divided by the weighted average number of outstanding shares for the period. **Past performance is not indicative of future returns.**

<b>Shares</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 YTD</b>
Class A Shares (No Fixed term) <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.65%
Class B Shares (5-year term)	5.01%	5.13%	5.57%	5.78%	6.39%	6.73%	5.55%	7.20%	8.36%	7.13%	6.65%
Class D Shares (3-year term)	4.01%	4.13%	4.57%	4.78%	5.38%	5.73%	4.55%	6.20%	7.36%	6.13%	5.65%
Class F Shares (1-year term)	3.01%	3.13%	3.57%	3.78%	4.38%	4.73%	3.55%	5.20%	6.36%	5.13%	4.65%

The rate of return the Issuer earns from its mortgage investments fluctuates with prevailing market demand for short-term mortgage financing. In some cases, the Issuer's mortgage investments may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than those normally attained from conventional mortgage investments. The Issuer attempts to minimize risk by being prudent in its credit decisions and in assessing the value of the underlying Canadian real estate property offered as security.

<sup>1</sup> Class A shares do not have a fixed term and are retractable on not less than 90 days' notice.

### **Growth Rates**

The following table reflects the annual growth rate of the portfolio of the Issuer for the last ten years as at each fiscal year end which is December 31<sup>st</sup>, unless otherwise indicated.

<b>Fiscal Year</b>	<b>Retractable Shares</b>	<b>Net Growth</b>
2016	\$199,124,588	(1.74%)
2017	\$194,043,222	(2.55%)
2018	\$190,297,793	(1.93%)
2019	\$189,619,957	(0.36%)
2020	\$198,986,973	4.94%
2021	\$223,526,435	12.33%
2022	\$235,977,058	5.57%
2023	\$277,503,228	17.60%
2024	\$296,986,788	7.02%
2025	\$315,881,661	6.36%
2026 YTD	\$313,558,150	-0.74%

### **Ongoing Disclosure**

As of the date of this Offering Memorandum, other than the information contained in this Offering Memorandum, the Issuer does not provide purchasers with any other disclosure about the Issuer's portfolio.

### **Major Events or Conditions**

As of the date of this Offering Memorandum, the economic outlook in the markets where the Issuer carries on business remains stable. Inflation has subsided from its peak and hovers near the Bank of Canada's 2% target. Long-term indicators suggest that interest rates will be largely stable throughout the remainder of the year.

The announcement and implementation of tariffs have led to increased market volatility, affecting investor sentiment. This uncertainty can influence the demand for real estate. Prolonged trade tensions and tariffs could heighten the risk of an economic slowdown.

Other than as noted above, as of the date of this Offering Memorandum there are no major events that have occurred or conditions that have influenced, whether favourably or unfavourably, the development or financial conditions of the Issuer's business over the past two recently completed fiscal years.

### **2.4 Short and Long-Term Objectives**

As in the past, over the long term the Issuer intends to qualify as a mortgage investment corporation, raise investment capital, and invest substantially all its capital in Canadian mortgages, except for amounts of capital invested as a result of foreclosure in real property and/or limited partnership(s) and maintained in short-term bank deposits awaiting mortgage placement. Most of the mortgages the Issuer intends to invest in will generally be shorter term (less than two years) first mortgages secured by residential real estate property in Canada. The Issuer may place some of its capital in longer-term mortgages, second mortgages and non-residential mortgages. Mortgages held by the Issuer may be registered as either conventional or collateral charges, and collateral charges may permit future advances up to the registered charge amount.

The short term and long-term objectives of the Issuer are to raise additional capital through the issuance of Shares, to invest available funds in a portfolio of investments that grow in value over time and generate income sufficient to allow the Issuer to pay quarterly dividends (or monthly dividends, at the discretion of the Board) to shareholders and meet valid redemption requests as received, and to carry on business in a manner that ensures its qualification as a mortgage investment corporation under the Tax Act.

The Issuer intends to do the following to meet its objectives for the next 12 months:

Actions to be taken	Target completion date (or, if not known, number of months to complete)	Our cost to complete
Continue raising funds through the sale of Shares by sourcing investments from potential investors through the Manager, arm's length third parties and contacts of the Issuer and the Manager and their respective directors, officers and employees	Ongoing	\$50,000 <sup>1</sup>
Source and invest in mortgages and other qualified investments originated by the Manager or others, and administer the Issuer's portfolio of investments through the Manager	Ongoing as funds are raised and mortgages are retired and replaced from time to time	\$100,000 <sup>2</sup>

<sup>1</sup>. Estimated costs of the offering including legal, audit and other professional services.

<sup>2</sup>. The costs of documenting loans is paid for by the borrowers; however, there are some due diligence costs associated with the mortgage loans borne by the Issuer, such as a comparative market analysis.

## 2.5 Insufficient Funds

The funds available as a result of this offering may not be sufficient to accomplish all of the Issuer's proposed objectives over the next 12 months. There is no assurance that alternative financing will be available.

## 2.6 Material Contracts

### Management Services Agreement

The Old Management Services Agreement, entered into between the Issuer and the Old Manager on January 1, 2021, was assigned to the Manager and immediately thereafter amended and restated. The Management Services Agreement, under which the directors of the Issuer have contracted to the Manager the management and administration of the Issuer's business affairs on a day-to-day basis, including providing a business office for and on-going advice to the Issuer and, as may be required from time to time, providing the Issuer with real estate, mortgage and financing services.

The Manager and the Issuer are related companies. For more information, see "Item 9: Risk Factors and Conflicts of Interest – 9.2 Conflicts of Interest". The Issuer will pay a management fee to the Manager under the Management Services Agreement for providing on-going management and operations including, but not limited to, executive leadership, sourcing, identifying and evaluating mortgage investments, mortgage portfolio management, investment management for non-mortgage investments, general financial management and accounting, compliance, licensing, information technology, human resources, and reporting.

For the Manager's scope of services as set out in the Management Services Agreement, the Issuer pays the Manager a management fee equal to 2.00% per year (0.1667% per month) of the aggregate sum of: (a) the loan capital borrowed by the Issuer, plus (b) the paid-up capital of the Issuer's issued and outstanding shares (together, the "**Aggregate Capital**"). In addition, for other services provided by the Manager from time to time on an ad hoc basis (including property management, mortgage origination or brokerage, real estate marketing or capital raising services), the Issuer will pay the Manager the fees as may be agreed to from time to time when the service is initiated.

The Manager is responsible for payment of its own expenses, such as its office rent and the salaries of its employees. The Issuer reimburses the Manager for all out-of-pocket expenses incurred in connection with the provision of its services, including without limitation certain expenses set out in the Management Services Agreement.

The Manager intends to exercise its powers and discharge its duties under the Management Services Agreement honestly in good faith and in what it reasonably believes to be in the best interests of the Issuer.

The Manager will be given reasonable advance notice of and agendas of the Issuer's meetings, and the Manager has the right to attend and be heard at all meetings of the Issuer's shareholders, the Issuer's Board of Directors and any committees established by the Board, and the Manager will be provided the minutes including any and all resolutions passed at all meetings within a reasonable time after the meeting.

The Issuer acknowledges that the Manager and its shareholders, directors and officers have or will have interests and dealings in other companies, joint ventures, limited partnerships and/or MICs which are presently, or may in the future, be actively engaged in similar businesses as the Issuer. The Issuer agrees that neither the Manager nor its shareholders, directors or officers will be liable to the Issuer for any conflict of interest as a result of such other interests or dealings and that such interests and dealings do not and will not constitute a breach of the Management Services Agreement even if competitive with the business of the Issuer, and even if the business opportunity could have been pursued by the Issuer.

The Manager will not be liable to the Issuer for any loss or damage suffered by the Issuer, including any loss or diminution in the net assets (that is, the value of the Issuer's assets less its liabilities) of the Issuer, unless such loss or damage is a direct result of gross negligence, gross willful misconduct, or dishonesty by the Manager in relation to its duties and responsibilities under the Management Services Agreement. The Management Services Agreement also provides that the Issuer will indemnify the Manager and its directors, officers and employees from any claims arising in relation to the Manager's duties and responsibilities under the Management Services Agreement.

The terms of the Management Services Agreement, including in relation to fees and expenses, may not be amended except by written agreement between the Issuer and the Manager.

#### ***Termination by the Issuer***

The Issuer may not terminate the Management Services Agreement or the appointment of the Manager except:

- (a) for Cause; or
- (b) for any other reason, provided such termination has been approved by:
  - (i) a written resolution executed by at least seventy-five (75) percent of the Issuer's Board members; and
  - (ii) a resolution approved by at least seventy-five (75) percent of the holders of all the issued and outstanding voting shares in the Issuer; and
  - (iii) a resolution approved by at least seventy-five (75) percent of the holders of all the issued and outstanding non-voting shares in the Issuer.

In recognition of the protracted and exclusive relationship between the Issuer and the Manager, and the irreparable loss and damage that the Manager will suffer by reason of the termination of this Agreement according to the provisions of sub-paragraph (b) above, the Issuer agrees to promptly pay, on termination, a fee equal to five (5) times the highest aggregate annual fees paid by the Issuer to the Manager in any fiscal year of the Issuer during the ten (10) year period immediately preceding the year in which the Manager is terminated provided that at any time prior to the completion of the first ten (10) years of this agreement, the aggregate annual fees paid to be considered for purposes of determining the termination fee shall include fees paid, accrued or earned by the Manager during the year of termination itself, calculated on an annualized basis.

The Issuer must give the Manager written notice, not less than one (1) year or greater than three (3) years as mutually and reasonably agreed, of any termination of the Agreement pursuant to the provisions of sub-paragraph (b) above.

For the purposes of sub-paragraph (a) above, "Cause" will be deemed to exist only where:

- (i) in providing the services described in the Management Services Agreement the Manager has acted or has otherwise failed to act in a manner which is found by a court of competent jurisdiction to constitute bad faith, wilful malfeasance or gross negligence;

- (ii) the Manager becomes subject to the provisions of the *Winding-up Act*, the *Companies' Creditors Arrangement Act*, the *Bankruptcy Act* or any similar legislation;
- (iii) the Manager enters into or is the subject of any composition, arrangement, proposal or petition under applicable bankruptcy laws;
- (iv) a receiver, receiver-manager or trustee in bankruptcy or similar officer, temporary or permanent, is appointed to take charge of the Manager's affairs or any of its property;
- (v) dissolution proceedings are commenced by or against the Manager;
- (vi) the Manager goes into liquidation, either voluntarily or under an order of a court of competent jurisdiction;
- (vii) the Manager makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency; or
- (viii) there is a deemed assignment of this Agreement or an attempt by the Manager to assign this Agreement, contrary to the Management Services Agreement.

### ***Termination by the Manager***

The Manager may terminate this Agreement at any time on written notice of not less than one (1) year or greater than three (3) years as mutually and reasonably agreed with the Issuer.

### ***ITEM 3: MANAGEMENT OF THE ISSUER***

#### **3.1 Directors, Officers, Promoters and Related Parties of the Issuer**

The following table sets out the specified information about each director, officer and promoter of the Issuer, each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a "**principal holder**") and each related party of the foregoing that received compensation in the most recently completed financial year or is expected to receive compensation in the current financial year.

Full legal name and place of principal residence or jurisdiction of organization	Position held / Relationship to Issuer / Date of obtaining position	Compensation paid by the Issuer or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year	Number, type and percentage of securities of the Issuer held after completion of minimum offering <sup>3</sup>	Number, type and percentage of securities of the Issuer held after completion of maximum offering <sup>1, 3</sup>
Taylor Little Vancouver, BC	Director, October 17, 2025  Principal holder, October 17, 2025  Chairman of the Board, October 17, 2025	\$0 / \$0 <sup>2</sup>	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Charles Rafer Lake Strandlund Victoria, BC	Chief Executive Officer, October 17, 2025	\$0 / \$0	315,845 Class A Shares (2.56 %) 417,027 Class B Shares (0.16%)	315,845 Class A Shares (2.56%) 417,027 Class B Shares (0.16%)

<b>Full legal name and place of principal residence or jurisdiction of organization</b>	<b>Position held / Relationship to Issuer / Date of obtaining position</b>	<b>Compensation paid by the Issuer or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the Issuer held after completion of minimum offering<sup>3</sup></b>	<b>Number, type and percentage of securities of the Issuer held after completion of maximum offering<sup>1,3</sup></b>
Roberta Dawn Paniz Victoria, BC	President, October 17, 2025  Director, September 22, 2014  Principal holder, June 29, 1997	\$0 / \$0	601,140 Class B Shares (0.23%)  3,311 Class D Shares (0.01%)  1,829 Class F Shares (0.01%)	601,140 Class B Shares (0.23%)  3,311 Class D Shares (0.01%)  1,829 Class F Shares (0.01%)
Hali Nevada Noble Sidney, BC	Director, May 6, 1994  Principal holder, June 29, 1994	\$0 / \$0	240,210 Class A Shares (1.95%)  552,645 Class B Shares (0.21%)	240,210 Class A Shares (1.95%)  552,645 Class B Shares (0.21%)
Alex Conconi Vancouver, BC	Director, October 17, 2025  Principal holder October 17, 2025	\$0 / \$0 <sup>2</sup>	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Shehbaz Hussain Vancouver, BC	Director, October 17, 2025  Principal holder October 17, 2025	\$0 / \$0	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Kasey Ann Clark Vancouver, BC	Principal holder, April 30, 2026	\$0 / \$0	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Caroline Kenning Vancouver, BC	Principal holder, October 17, 2025	\$0 / \$0	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Jared Stanley Vancouver, BC	Principal holder, October 17, 2025	\$0 / \$0	80 Common Shares (16.6667%)	80 Common Shares (16.6667%)
Neighbourhood Holding Company Ltd.	Related Party	\$1,359,763 / \$6,686,468	NIL	NIL
Fisgard Capital Management Ltd.	Related Party	\$510,282 / \$3,244,358	NIL	NIL

1. The directors and officers may acquire Shares as part of the offering; however, the amount of any Shares they may acquire is not known.
2. Taylor Little and Alex Conconi are employees of the Manager and receive a salary from the Manager.
3. There is no minimum or maximum offering.
4. During the year ended December 31, 2025, the Issuer paid the Old Manager, being Fisgard Asset Management Corporation, compensation totalling \$7,516,832. Pursuant to the Transaction, all management and related agreements between the Issuer and the Old Manager were assigned on October 17, 2025 to the Manager and

the EMD, as applicable, and the Old Manager ceased to act as the manager and exempt market dealer of the Issuer. As a result, no further compensation or fees are payable to the Old Manager. See "2.1: Structure" for a discussion on the Transaction.

## **The Manager**

### ***Manager Expertise and History***

The Manager is registered in British Columbia under the *Mortgage Brokers Act* (British Columbia); licensed in Alberta under the *Real Estate Act* (Alberta); and licensed in Ontario under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario) as both a mortgage brokerage and mortgage administrator. The Manager is also licensed in Nova Scotia as a mortgage lender and mortgage administrator under the *Mortgage Regulation Act* (Nova Scotia).

The Issuer chose to contract with an external manager as opposed to internalizing management. The Manager was chosen for its extensive background in real estate marketing, valuation, construction, development, project management experience, public company experience and experience as a trustee and receiver. The Manager has extensive experience and expertise in the mortgage lending and mortgage brokerage field, and it is important to the Issuer that the Manager be licensed and bonded in all the appropriate ways necessary to manage a mortgage investment corporation properly and expertly. It is important that the first managers of the Manager are also of good reputation and are properly licensed, registered and bonded where appropriate.

To achieve its objectives, the Issuer will benefit from the Manager's expertise and experience in sourcing, through third party mortgage brokers, underwriting and administering mortgage investments. As of the date hereof, the Manager, on behalf of the Issuer, has entered into one mortgage origination and servicing agreement with a third party mortgage broker, pursuant to which the mortgage broker has agreed to originate, facilitate the funding of, and service certain Mortgage investments for the Issuer. The Manager may, from time to time and without prior notice to shareholders, enter into additional origination, servicing, administration or other operational agreements, or similar arrangements, with third parties to source, finance and/or service further mortgage investments.

The Manager also acts as the manager of Neighbourhood Holdings Income Trust I, a "mortgage investment company". See "Item 9: Risk Factors and Conflicts of Interest – 9.2 Conflicts of Interest".

See "2.6: Material Contracts" for a discussion of the Management Services Agreement between the Issuer and the Manager.

### **Directors and Officers of the Manager**

The directors and officers of the Manager are as follows:

<b>Name and municipality of principal residence</b>	<b>Positions held</b>	<b>Date of obtaining position</b>
Alex Conconi <sup>1</sup>	Director and Officer	October 23, 2015
Taylor Little	Director and Officer	October 23, 2015
Jared Stanley	Officer	October 23, 2015
Martha Kane	Officer	October 17, 2025
Caroline Kenning	Officer	April 23, 2026

<sup>1</sup> For further information, see below under "3.2 Management Experience".

### **3.2 Management Experience**

A description of the principal occupations of the Issuer's directors and executive officers over the past five years and their relevant experience associated with their principal occupations is set out below.

For the purposes of this section, "**Neighbourhood**" refers collectively to the Manager, the EMD and their respective affiliates.

<b>Full Legal Name</b>	<b>Principal occupation and description of experience associated with the occupation</b>
<b>Taylor Little</b>	<p><b>Director and Chairman of the Board of Issuer &amp; Chief Executive Officer, Director of Manager.</b></p> <p>Taylor is the CEO, co-founder, and Director of the Manager, and has been engaged with the Manager since its inception in 2015. He is also a Partner in Conconi Growth Partners Ltd., the indirect parent company of the Manager. Certified with the Institute of Corporate Directors designation, Taylor has extensive experience sitting on various company boards throughout his career— including the Conconi Family Foundation, Cycling BC, 7mesh Industries—has equipped him with the tools to make the best and most informed strategic decisions. Prior to joining Neighbourhood and Conconi Growth Partners Ltd., Taylor was a lawyer in the Corporate and Securities Group of Stikeman Elliott LLP. Taylor holds a Bachelor of Arts degree from the University of Victoria, a Bachelor of Laws degree from the University of Alberta, and a Master of Laws degree from the University of London (all with Distinction). Taylor is in good standing with the Law Society of British Columbia and is registered to conduct mortgage business in British Columbia.</p>
<b>Charles Rafer Strandlund</b>	<p><b>Chief Executive Officer of the Issuer.</b></p> <p>Rafer is CEO and past director of the Issuer. Prior to the acquisition of the Old Manager by Neighbourhood, Rafer was CEO of Fisgard also the President of 4 Limited Partnerships which included 2 large land developments, a condominium resort property, and one of the largest bowling alley entertainment establishments in the Greater Vancouver area. Each limited partnership ended in a successful conclusion for the issuer.</p> <p>Prior to being CEO, Rafer was the First Vice President, Commercial Mortgage Investments &amp; Corporate Development and was responsible for the underwriting and supervision of the commercial lending as well as expanding the issuers syndicate lending relationships. During that time, he was instrumental in the growth and success of the portfolio which has funded over 5,000 mortgages valued at more than 2 Billion dollars.</p> <p>Prior to joining Fisgard, Rafer held positions with a Canadian chartered bank and one of British Columbia's largest credit unions, both in real estate lending positions.</p> <p>Rafer is a graduate of the British Columbia Institute of Technology and began his professional career in 1989. He has completed numerous industry related courses including the BC Real Estate Course, Canadian Securities, Personal Financial Planning, Partners, Directors, and First Officers course, the Conducts and Practices course (Canadian Securities Institute) and numerous ongoing professional development courses.</p> <p>Rafer is a member of Mortgage Investment Association of BC, Canadian Alternative Mortgage Lenders Association, Canadian Mortgage Brokers Association, Mortgage Professionals Canada, and the Urban Development Institute.</p>
<b>Roberta Dawn Paniz</b>	<p><b>Director and President of Issuer.</b></p> <p>Dawn is a founding shareholder, Director and President of the Issuer. In addition to her role with the Issuer Dawn also serves as the President of the EMD. Dawn is</p>

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a member of Fisgard's Credit Committee and Executive Committee where she is involved in mortgage investment policy development, mortgage investment selection and Capital Market strategies.

With thirty years' experience in the mortgage and investment industry Dawn's experience with the previous manager included information technology oversight, internal accounting, mortgage portfolio review, audit and record keeping, securities reporting and supervision of judicial and private trusts.

Dawn is also a current Director and past President of the British Columbia MIC Managers Association and was an inaugural member of the British Columbia Securities Commission's advisory group, Corporate Finance Stakeholder Forum.

In addition to her career-long involvement in the mortgage lending and investment industry she has participated in the real estate industry as a former member of the Victoria Real Estate Board, the Vancouver Island Real Estate Board, the British Columbia Real Estate Association, the Canadian Real Estate Association and the Canadian Home Builders Association. Dawn is a member of the Mortgage Brokers Association of British Columbia and the Private Capital Markets Association of Canada and has held her mortgage broker's license with the British Columbia Financial Institutions Commission since 1997.

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**Hali Nevada Noble**

**Director of Issuer.**

Hali is a founding Director of the Issuer and is also the Managing Director in charge of mortgage broker and lender communications, relationships, and business advancement for the manager.

Having spent her entire professional business career, as a realtor, mortgage broker and mortgage lender, Hali holds the necessary licenses, registrations and certifications to qualify her for all areas of business activity applicable to her multi-faceted role with fund-manager, the Old Manager (where she has been licensed since 1989) and Fisgard's mortgage lending and investment funds.

She has been involved extensively in all related trade association, education and regulatory activity, having been the President of the provincial British Columbia Mortgage Brokers Association as well as Chair of the national Canadian Association of Accredited Mortgage Professionals (Mortgage Professionals Canada).

Hali is a highly respected and sought-after speaker, guest panelist and moderator at trade and regulatory conferences nationally and internationally dealing with the professional mortgage industry and regulatory activity. She is regularly interviewed in local, national, and industry-related media on real estate, mortgage lending and related topics, and she is regarded as one of Canada's leaders and authorities in the private mortgage field. She has provided consulting services to numerous international corporations regarding Canada's private and alternative mortgage markets.

Hali has received several industry awards for innovation, dedication, education, business practices and ethics. Most notable of these recognitions are the induction to the Canadian Mortgage Hall of Fame and being presented with the British Columbia Mortgage Brokers Association Pioneer Award for Lifetime Achievement in the Mortgage Industry. She has also been awarded the Business Development Manager of the Year by Mortgage Professionals Canada, named one of WXN Canada's Top 100 Most Powerful Women in the category of Trailblazers and Trendsetters and a nominee for the YWCA Woman of Distinction Award. In 2018 Canadian Mortgage Professional Magazine featured Hali as an Industry Icon. Her latest recognition was being one of 28 Canadian mortgage professionals on

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the Mortgage Global 100 list which features the most dynamic mortgage professionals from around the world.

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**Alex Conconi**

**Director of Issuer & Founder, Chairman, Director of Manager.**

Alex is the Founder, Chairman, and Director of the Manager, and has been engaged with the Manager since its inception in 2015. He is also the Founding Partner and President of Conconi Growth Partners Ltd. Alex started his career in 2009, registered to conduct mortgage business in British Columbia, and founded ALT Mortgages in 2011, the predecessor to Neighbourhood. His long history in the mortgage industry, fascination with technology, and entrepreneurship guides his professional life towards companies that will have a lasting impact in the industries in which they operate. Alex holds a Bachelor of Science in Economics (with Distinction) from the University of Victoria and a Master of Science in Finance from Simon Fraser University.

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**Shehbaz Hussain**

**Director of Issuer.**

Shehbaz Hussain is a capital markets professional with over a decade of experience as an analyst and investor in private capital markets. In his current capacity at the Conconi family office – a significant shareholder of the Manager – he is responsible for overseeing investments from deal origination through closing across a diverse range of asset classes and investment strategies. Shehbaz played a key role in the acquisition of the Old Manager by Neighbourhood, resulting in a strong working familiarity with FCC. He further contributes to portfolio oversight and practical governance through his board position at another sponsor-backed company. As a Director of the FCC, his focus remains on safeguarding investor capital, achieved through rigorous risk management, transparent reporting, and disciplined governance. He holds an MBA from the Rotman School of Management (Toronto) and a BSc. in Business Administration from Troy University (Alabama, USA).

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**Alan Arvid Frydenlund K.C.**

**Former Director of Issuer.**

Alan served as a Director of the Issuer from 2012 – 2025. He is a lawyer who practices commercial law with a specialty in real estate security realization and perfection. Alan graduated from Simon Fraser University in 1979, with B.A. in Economics and Commerce, and from the University of Victoria with his law degree in 1982. Called to the bar in 1983, he is a shareholder of Owen Bird Law Corporation in Vancouver, B.C. Alan's clients include Canadian Chartered Banks, Foreign Banks, Trust Companies, Savings and Loan Companies, Finance Companies, Life Insurance Companies, Crown Corporations, Mortgage Investment Companies, Credit Unions, Pension Funds, REITs, Receivers, Trustees, Real Estate Developers, Hotels, Time Share Corporations, lawyers and high net worth individuals. He also has experience in real estate and resort development, time shares and fractional real estate ownership. Alan is also a Director of a number of private companies and is a former Director of Glacier National Life Insurance Company.

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**Katherine Gregory**

**Former Director of Issuer.**

Kathy was a member of the Issuer's Board from August 2024 – October 2025. As an experienced CEO and Entrepreneur Kathy's professional experience is certainly highlighted as the Founder & CEO of Paradigm, which is a full-service mortgage servicing, origination, lender & BPO. She developed Paradigm's business model in 2003, commenced raising capital and launched nationally in 2004. Kathy grew the company to over \$30 billion of mortgage assets, 350 employees & 37% EBITDA & from 2004 - 2021, ultimately selling the organization in 2021.

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Prior to founding Paradigm Kathy's career primarily was focused at Financial institutions, namely, Canada Permanent Trust, Canada Trust and TD Bank from 1983- 2003 in various leadership roles, ultimately as Senior VP, Residential Lending and was responsible for the secured lending portfolio of over \$150 billion. Kathy has served as a board member for Canada Trust Mortgage Corp, Canadian Home Builders Association, Ontario Home Builders Association and Canadian Industry Mortgage Brokers & Lenders Board member (CIMBL).

In addition to her professional success, Kathy has fostered the growth of women in leadership across Canada, participating in countless speaking events as a keynote speaker and as a strong advocate & supporter of the Canadian Women's Foundation, founded and launched Ontario & BC Financial Services Women's annual golf tournament & BC's Mortgage industry Leadership Summit, raising funds for CWF and Honorary Chair of the Princess Margaret Cancer one walk .

Professional Achievement Highlights Include, Top 100 Most Powerful Women in Canada WXN, Canada's 150 Birthday Induction of Canada's Top 150 Women 2017, Topmost inspiring Women 2021, Canadian Business Awards (E&Y), top entrepreneur of the year 2019, inducted into the Mortgage Industry Hall of Fame 2020, Member of the YPO (International Presidents Organization) & Board Member 2007.

Kathy attended York University Economics, Queens University Finance & Harvard University, Finance for CEO's.

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### **3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters**

There are no penalties or other sanctions imposed by a court or regulatory body relating to a contravention of securities legislation, or any order restricting that trading in securities, not including an order that was in effect for less than 30 consecutive days, that occurred during the 10 years preceding the date of this Offering Memorandum against: (i) a director, executive officer or control person of the Issuer; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that occurred during the 10 years preceding the date of this Offering Memorandum with regard to any: (i) director, executive officer or control person of the Issuer; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

None of the Issuer or a director, executive officer or control person of the Issuer have pled guilty to or been found guilty of: (i) a summary conviction or indictable offence under the *Criminal Code* (Canada); (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (iii) a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (iv) an offence under the criminal legislation of any other foreign jurisdiction.

On April 23, 2023, the Manager entered into a Settlement Agreement with the British Columbia Securities Commission with respect to (i) partaking in activities similar to that of a registrant while unregistered under the Securities Act (British Columbia), (ii) distributing interests in Neighbourhood Holdings Limited Partnership, (iii) communicating the opportunity to invest to potential purchasers, and (iv) receiving compensation for such activities, for the period of November 2015 to January 2019. Under this Settlement Agreement, the Manager paid \$40,000 as settlement of the foregoing matter and no additional orders were made against the Manager.

### **3.4 Certain Loans**

As at the date of this Offering Memorandum, to the knowledge of the Issuer, there are no debentures, bonds or loan agreements between the Issuer and any of the directors, management, promoters, principal holders of the Issuer or any other related party to the Issuer.

## ITEM 4: CAPITAL STRUCTURE

### 4.1 Share Capital

The following table sets out information about the Issuer's outstanding securities, including options, warrants and other securities convertible into Shares.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at April 1, 2026	Number outstanding after minimum offering <sup>2</sup>	Number outstanding after maximum offering <sup>2</sup>
Common Shares <sup>3</sup>	unlimited	\$1.00	480 <sup>2</sup>	480 <sup>2</sup>	480 <sup>2</sup>
Class A Shares	unlimited	\$1.00	12,327,021.21	12,327,021.21	12,327,021.21
Class B Shares <sup>1</sup>	unlimited	\$1.00	263,258,590.85	263,258,590.85	263,258,590.85
Class D Shares <sup>1</sup>	unlimited	\$1.00	23,999,075.37	23,999,075.37	23,999,075.37
Class F Shares <sup>1</sup>	unlimited	\$1.00	13,972,982.52	13,972,982.52	13,972,982.52

<sup>1.</sup> See the section called "5. Securities Offered – 5.1 Terms of Securities" for a description of the material terms of the Shares.

<sup>2.</sup> There is no minimum or maximum offering.

<sup>3.</sup> The Common Shares of the Issuer are not available for purchase under this Offering Memorandum.

### 4.2 Short-Term Debt

Description of Short-Term Debt	Interest Rate	Repayment terms	Amount Outstanding <sup>1</sup>
Demand Operating Loan Facility	Bank Prime + 0.60% or CORRA + 2.00%	On Demand	\$0

<sup>1</sup> As at March 31, 2026.

The Issuer has a demand operating loan facility (the "Facility") to provide revolving working capital including bridging maturing mortgages and/or investor contributions. The Facility is with a major Canadian chartered bank for up to \$60,000,000. As at March 31, 2026, the Issuer had drawn down \$0 from the Facility. The Facility is structured as a general security agreement representing a first charge on all the Issuer's assets and undertaking, and registered in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario consisting of: (a) residential eligible mortgages: first and second mortgages on serviced land lots and on completed properties, including owner occupied single family residential at time of funding, single family detached residences, condominiums, townhouses, and multi-unit apartment buildings, limited to where the Bank would provide conventional residential mortgage financing, and (b) non-residential: first mortgages on completed properties in larger urban centres.

In addition, the Issuer may from time to time borrow funds by other means including through the issuance of short-term debenture (debt) instruments and promissory notes to third parties. Borrowings under these instruments may include corporate guarantees and covenants and may be secured by the assets of the Issuer. Any amounts borrowed under such instruments will be within the borrowing limits applicable to the Issuer as a MIC.

### 4.3 Long-Term Debt

As at the date of this Offering Memorandum, the Issuer does not have any long-term debt.

### 4.4 Prior Sales

The Issuer raised the following new share capital from January 2023 to April 1, 2026.

Series of Shares	2023 <sup>1</sup>	2024 <sup>1</sup>	2025 <sup>1</sup>	2026 YTD <sup>1</sup>
Class A Shares (No Fixed term) <sup>2</sup>	N/A	N/A	N/A	2,258,476
Class B Shares (5-year term)	44,434,856	12,123,379	12,686,899	8,208
Class D Shares (3-year term)	1,554,983	3,127,473	1,855,048	0
Class F Shares (1-year term)	2,814,998	3,344,281	3,808,997	0

1. Does not include transfers or conversions between classes – only new share capital raised.

2. Class A shares do not have a fixed term and are retractable on not less than 90 days' notice.

The table below discloses information regarding the Shares of the Issuer issued within the 12 months before the date of this Offering Memorandum. The information shown does not include securities issued upon the reinvestment of dividends and does not include internal transfer into the same class of share. This does include shares that have been transferred between classes as well as new capital.

Date of Issuance	Number of Class A	Number of Class B	Number of Class D	Number of Class F	Price Per	Total Funds
May 2025	N/A	1,082,200	133,675	172,950	\$1.00	1,388,825
June 2025	N/A	770,689	145,675	157,150	\$1.00	1,073,514
July 2025	N/A	2,250,644	459,976	1,796,210	\$1.00	4,506,830
August 2025	N/A	884,320	293,146	585,000	\$1.00	1,762,466
September 2025	N/A	862,807	461,178	172,250	\$1.00	1,496,235
October 2025	N/A	861,181	533,914	1,752,911	\$1.00	3,148,006
November 2025	N/A	0	0	0	\$1.00	0
December 2025	N/A	0	0	0	\$1.00	0
January 2026	1,200	8,208	0	0	\$1.00	9,408
February 2026	596,942	0	0	0	\$1.00	596,942
March 2026	1,140,358	0	0	0	\$1.00	1,140,358
April 2026	519,976.06	0	0	0	\$1.00	519,976

#### 4.5 Retraction History

	Number of Class B Shares	Share Value (\$)	Number of Class D Shares	Share Value (\$)	Number of Class F Shares	Share Value (\$)	Total Value (\$)
<b>2024</b>							
Unpaid retraction requests, beginning of year	0	\$0	0	\$0	0	\$0	\$0
Retraction requests	12,508,864	\$12,508,864	2,035,842	\$2,035,842	2,950,776	\$2,950,776	\$17,495,482
Retraction paid out	12,508,864	\$12,508,864	2,035,842	\$2,035,842	2,950,776	\$2,950,776	\$17,495,482
Unpaid retraction requests, end of period	0	\$0	0	\$0	0	\$0	\$0
<b>2025</b>							
Unpaid retraction requests, beginning of year	0	\$0	0	\$0	0	\$0	\$0

Retraction requests	8,598,431	\$8,598,431	1,528,296	\$1,528,296	1,910,329	\$1,910,329	\$12,037,056
Retraction paid out	8,598,431	\$8,598,431	1,528,296	\$1,528,296	1,910,329	\$1,910,329	\$12,037,056
Unpaid retraction requests, end of period	0	\$0	0	\$0	0	\$0	\$0

**2026 YTD**

Unpaid retraction requests, beginning of year	0	\$0	0	\$0	0	\$0	\$0
Retraction requests	6,033,649	\$6,033,649	713,973	\$713,973	1,880,691	\$1,880,691	\$8,628,312
Retraction paid out	6,033,649	\$6,033,649	713,973	\$713,973	1,880,691	\$1,880,691	\$8,628,312
Unpaid retraction requests, end of period	0	\$0	0	\$0	0	\$0	\$0

Note: Retractions include full and partial redemptions.

The table above summarizes the Issuer's redemption history over the last two fiscal years and the current period to April 1, 2026.

**ITEM 5: SECURITIES OFFERED**

**5.1 Terms of Securities**

A description of the material terms of the Shares is set out below. The rights and restrictions of the Shares are set out in the Articles of the Issuer and the description below is subject to the terms of the Articles. A copy of the Articles may be obtained upon request by contacting the Issuer as set out on the cover page of the Offering Memorandum.

- (a) **Identifying Name and Right of Retraction:** The securities offered under this Offering Memorandum are the following Shares of the Issuer (defined above collectively as "**Shares**" and individually as a "**Share**"), each class with an associated investment period (as explained below), as follows:

Identifying Name	Retractable After (in each case, the "Retraction Date") <sup>1</sup>
Class A Shares	N/A
Class B Shares	5 years
Class D Shares	3 years
Class F Shares	1 year

<sup>1</sup> The Class A shares do not have a fixed term and are retractable on not less than 90 days' notice. The Class B, Class D and Class F Shares are retractable after 5, 3 and 1 year, respectively. Each class of Shares has a designated base dividend that corresponds to the period when no retraction rights are available. See below under "Dividends".

- (b) **Voting** – The holders of Shares are not entitled to notice of or to attend or vote at meetings of the Issuer.
- (c) **Retraction Rights** – Each of the Class B, Class D and Class F Shares has a specific period before which rights of retraction may be exercised. See paragraph (g) below. The classes of Shares are used for identification only to correspond with designated dividend rates for the particular class of Shares from time to time. See below under "Dividends". Each class of Shares will have Redemption Rights (as described below) that corresponds to the particular class.

The Class A shares are retractable on not less than 90 days' notice. A shareholder wishing to exercise retraction rights with respect to Class A shares must deliver written notice to the Issuer stating the holder's name and signature and the number of Class A shares to be retracted, and specifying a retraction date (the

"**Class A Retraction Date**"), which date must be the first calendar day of a month and not less than 90 days after the Issuer receives the notice. If applicable, the shareholder must also surrender to the Issuer the share certificate(s) representing the shares to be retracted at least 10 days prior to the Class A Retraction Date. This notice will be irrevocable except with respect to those Class A shares for which the Redemption Amount is not paid on or before the due date. The shareholder may choose to retract all, or a portion, of the Class A shares held.

Subject to the *Business Corporations Act* (British Columbia) and section 27.1 of the Articles of the Issuer, in the case of retraction of Class A shares, the Issuer will process the retraction on the Class A Retraction Date, and pay the Redemption Amount to the shareholder of the retracted Class A shares, or the trustee of shareholder's registered plan or third party dealer, within 10 business days of the Class A Retraction Date. The Issuer has the right to deduct from the Redemption Amount to be paid to the holder of the Class A shares an early retraction fee equal to 4% of the aggregate fair market value of the Class A shares being retracted for any Class A shares that were issued to the retracting shareholder less than one year before the Class A Retraction Date.

Notwithstanding any other provision of the Articles of the Issuer (see (g) Other Restrictions on Retraction below and Redemption Liquidity in section 9.1), the Issuer's Board of Directors has the discretion to suspend retraction requests for the Class A shares, or postpone the day or payment or right of retraction for Class A shares, during any period during which the Board determines, in its sole discretion, that conditions exist which render impractical the sale of assets of the Issuer to fund the retraction or impair the ability of the Issuer to determine the fair market value of any Class A shares to be retracted. Any such suspension shall take effect at such time as the Board specifies and thereafter there shall be no redemption of Class A shares during the period specified by the Board until the Board declares the end of the suspension. For greater certainty, the Board of the Issuer would consider such test satisfied where such retractions would result in:

- (i) more than 2% of the aggregate number of issued and outstanding shares of all classes of the Issuer at the beginning of the month are to be retracted during any one month, or
- (ii) total retractions exceeding 15% or more of the aggregate number of issued and outstanding shares of all classes of the Issuer in any trailing 12-month period.

The Class B shares, Class D shares and Class F shares are retractable, on the following basis:

- (i) In the case of the Class B shares, five years from
- (ii) In the case of the Class D shares, three years from
- (iii) In the case of the Class F shares, one year from

The last day of the fiscal quarter in which the shares were issued.

A shareholder wishing to exercise retraction rights with respect to Class B shares, Class D shares or Class F shares must deliver written notice to the Issuer setting out the name and signature of the holder of the shares and the number and class of shares to be retracted. The shareholder must deliver this notice not more than 60 and not less than 21 days before the applicable Retraction Date as set out in Item 5.1(a) above. The Issuer in its discretion may waive the requirement for notice, and the waiver will cure any default in giving notice, whether the waiver is given before or after the retraction. The shareholder may choose to retract all, or a portion of the shares held.

Subject to the *Business Corporations Act* (British Columbia) and section 27.1 of the Articles of the Issuer, in the case of retraction of Class B, Class D and Class F shares, the Issuer will upon duly receiving or waiving notice of retraction and receiving the share certificate (if previously issued) representing the shares being retracted redeem the share specified in the notice by paying the Redemption Amount of the shares to the holder of the shares.

Notwithstanding any other provision of the Articles of the Issuer, where a shareholder has received dividends by way of the issuance of fully paid up shares (the "**Dividend Shares**"), the Retraction Date in respect of the Dividend Shares will for all purposes be deemed to be the same date as the Retraction Date of the shares originally subscribed for by and issued from treasury to the shareholder (or to the shareholder's predecessor in title to the shares) and which gave rise to the dividends for which the Dividend Shares were issued.

Notwithstanding any other provision of the Articles of the Issuer, where a shareholder does not exercise the shareholder's retraction rights in respect of Class B, Class D or Class F shares held by the shareholder by carrying out the appropriate actions within the time frames set out in the Articles, then for the purpose of determining under subparagraph (c) the next available date on which the shareholder may exercise retraction rights in respect of those shares, the shares will be deemed to have been issued to the shareholder on the Retraction Date which has just expired without retraction of the shares.

- (d) **Conversion Rights** – Class A shares are convertible, without payment of additional consideration by the holder thereof, at the option of the shareholder but subject to the approval of the Board, into one fully paid and non-assessable Class B, Class D or Class F share. Conversions take place on the first calendar day of a month. To convert, the holders of Class A shares must deliver a written notice (the "**Class A Conversion Notice**") and surrender the certificate(s) representing the shares to be converted (where previously issued) prior to 12:00 p.m. (Vancouver time) on the last business day of the preceding month. The Class A Conversion Notice must state the shareholder's name and signature, the number of shares to be converted and the class into which the shares are to be converted.

In addition, each of the Class B, Class D and Class F shares is convertible on the applicable Retraction Date of such shares, without payment of additional consideration by the holder thereof, at the option of the shareholder but subject to the approval of the Board, into one fully paid and non-assessable Class A, Class B, Class D or Class F share. To convert, the holders of Class B, Class D and Class F shares, as applicable, must deliver a written notice (the "**Conversion Notice**") and surrender the certificate(s) (where previously issued) representing the shares to be converted prior to 12:00 p.m. (Vancouver time) on the last business day of the preceding month. The Conversion Notice must state the shareholder's name and signature, the number of shares to be converted and the class into which the shares are to be converted.

Upon receipt of a Class A Conversion Notice or Conversion Notice, as applicable, and the corresponding certificate(s) (if any), the Issuer will, as soon as practicable after the Conversion Date, update the Issuer's securities register and, if applicable, cancel the certificate(s) (if any) representing the converted shares and issue new certificate(s) (if applicable) for the shares issued on conversion. The shareholder will be treated as the record shareholder of the shares issued as of the Conversion Date. If fewer than all shares represented by any certificate are converted, the shareholder shall be entitled to receive a new certificate (if applicable) for the shares not converted.

- (e) **Redemption by Issuer** – Upon payment of the Redemption Amount (as defined below) to the holders of the shares to be redeemed, the Company may at its option redeem the whole or any part of the outstanding shares of any class or classes of shares, on the following basis:

The Issuer will give not less than 21 days' notice of redemption to the holders of shares to be redeemed specifying a date and place of redemption. A shareholder entitled to notice may waive the requirement for notice, and the waiver will cure any default in giving notice, whether the waiver is given before or after the redemption. Upon the Issuer giving appropriate notice and depositing funds sufficient for the redemption with any trust company or chartered bank of Canada, the holders of shares to be redeemed will have no rights against the Company in respect of such shares, except to receive payment for them out of the funds deposited upon the surrender of share certificates (if applicable) representing the shares to be redeemed;

If not all of the outstanding shares of any class or classes of shares are to be redeemed, the shares to be redeemed may be selected by the Directors in their sole discretion, and need not be selected either in proportion to the number of shares registered in the name of each shareholder or from every or any particular holder of shares;

If some but not all of a holder's shares represented by a share certificate are to be redeemed, then within a reasonable time after the redemption is completed the Company at its expense will issue the holder with a new certificate (if applicable) representing the shares which have not been redeemed; and

The amount to be paid by the Issuer in respect of each share to be redeemed will be an amount equal to the paid-up capital of the share, plus the aggregate of all dividends declared on the share but unpaid, plus the share's pro rata share of the Distributable Funds (as defined in the Issuer's Articles) (the "**Redemption Amount**").

- (f) **Compassionate Early Redemption** – The Issuer, through the Manager, may consider applications for early redemption for compassionate reasons, but only under special circumstances where the spouse of a deceased shareholder holds the Issuer's Class B (5-year maturity) Shares or Class D (3-year maturity).

The decision as to whether to grant an early redemption is at the sole discretion of the Manager and otherwise dependent upon the provisions of the *Business Corporations Act* (British Columbia) and the Issuer's Articles legally permitting such early redemption.

Should a shareholder pass away, the surviving spouse may apply to the Issuer for an early redemption of all or part of the deceased's Shares, provided that the date of application for early redemption is at least ninety days prior to the original Redemption Date (defined below).

The Manager may then consider redeeming the requested number of Shares on or before the last day of the quarter immediately following the quarter in which the request for compassionate early redemption is made by the surviving spouse.

Since the deceased shareholder would have been earning dividends based on the rate attributable to the class of the Share but is redeeming earlier than the retraction date for the Share redemption fees will apply.

The "**Redemption Amount**" in respect of each Share to be redeemed will be an amount equal to (A) \$1.00 per Share (the "**Redemption Price**") plus (B) the aggregate of all dividends declared on the Share but unpaid less (C) any applicable redemption fees (as explained below), subject to adjustment as contemplated in the rights, privileges, restrictions, or conditions attached to any particular series of Shares.

The redemption fee will be:

- (1) Firstly, an amount based on the number of years of the shares of that class must be held before retraction rights may be exercised less the number of days (expressed as years to 4 decimals) lapsed since the date of issue of the redeemed Share] multiplied by **[2.00% of original investment amount]**; plus
- (2) Secondly, an amount in respect of return of prior Dividends received (as described below) calculated based on the Redemption Price multiplied by the Dividend Rate Adjustment table (see below) multiplied by the number of days (expressed as years to 4 decimals) lapsed since the date of issue of the redeemed Share.

Dividend Rate Adjustment table:

<b>Elapsed Years</b>	<b>Dividend Rate Adjustment</b>
Less than 5 years and greater than 4 years	0.50%
Less than 4 years and greater than 3 years	1.00%
Less than 3 years and greater than 2 years	1.50%
Less than 2 years and greater than 1 years	2.00%
Less than 1 year	2.50%

The redemption fees described above will apply and be deducted from the Redemption Price as described above and the Redemption Amount will be payable to the holder.

**Example:** An investor invests \$10,000 on January 31, 2020 in Class B Shares at a \$1.00 per share. On March 15, 2022, the Issuer agrees to a compassionate early redemption in relation to those Shares (and the Shares issued on the reinvestment of dividends declared on those Shares) to redeem the Shares for cash. What would the redemption fee amounts be and how would it be calculated?

The discussion below assumes the following:

- Throughout the period, the Dividend Rate on Class B shares declared was 5.0%.
- Throughout the period, the investor elected to have all dividends declared reinvested in Shares resulting in the issuance of a total of 1,110.02 Shares.
- On the date of the redemption, the total value of the Shares to be redeemed is \$11,110.02 and this amount is the Redemption Price.
- At the date of the redemption, the investment would have been in place for a period of two years and 43 days which is less than the five-year period for which the Shares must be held before becoming retractable. Since the investment was only in place for two full years (rather than the five-year investment period contemplated), redemption fees would be determined as follows:

An amount reflecting ((1) above):

(i) The number of years for which Shares of the class must be held before becoming retractable (5 years) less number of days (expressed as years to 4 decimals) elapsed since the date of issue of the redeemed Shares (2.1205 years)	(5-2.1205)	2.8795
(ii) Multiplied by 2.00% of the original investment amount (2.00% of \$10,000)	\$200.00	\$575.90
<b>Redemption fee (1)</b>		<b>\$575.90</b>

Dividend rate of return adjustment ((2) above):

(i) The Redemption Price		\$11,110.02
(ii) Multiplied by Dividend Rate Adjustment from the Dividend Rate Adjustment table (see above)	1.5%	\$166.65
(iii) Multiplied by the number of days (expressed as years to 4 decimals) elapsed since the date of issue of the redeemed Shares	2.1205	\$353.38
<b>Redemption fee (2)</b>		<b>\$353.38</b>

Therefore, the total redemption fees would be \$929.28

8 (i.e., \$575.90 + \$353.38) and based on the Redemption Price of \$11,110.02 (as noted above), the Redemption Amount paid to the investor would be \$10,180.74 (i.e., \$11,110.02 - \$929.28).

- (g) **Other Restrictions on Retraction**— A holder's right to demand redemption of a Share is subject to section 27.1 of the Issuer's Articles which provides as follows:

#### 27.1 Mortgage Investment Corporation

The directors will use their best efforts to ensure that the Company at all relevant times qualifies as a "Mortgage Investment Corporation" pursuant to the *Income Tax Act* (Canada). Without limiting the generality of the foregoing, in addition to any other power and authority the directors may have, and notwithstanding any other provision of these Articles, the directors may in their sole discretion reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where in the view of the directors such would not be in the Company's best interests as a "Mortgage Investment Corporation" under the *Income Tax Act* (Canada).

The directors may exercise their discretion to reject a redemption application in certain situations, such as where: (a) the redemption would put the Issuer offside of the Tax Act's mortgage investment corporation criteria regarding shareholders, which requires that a mortgage investment corporation have at least twenty shareholders, and no one shareholder together with related parties to that shareholder holds between them more than 25% of the issued Shares of any class of Shares of the mortgage investment corporation, (b) the Issuer is insolvent or if such redemption will render the Issuer insolvent, (c) such redemption will reduce the Issuer's cash reserves below a level which the Directors determine, in their sole discretion, to be prudent; and where such redemption will cause the Issuer to breach the requirement that at least 50% of the cost amount of its property must consist of bank deposits or mortgage loans made in respect of residential properties.

- (h) **Dividends** – The Issuer's Articles require it to pay as dividends substantially all of its net income and net realized capital gains every year, subject to the directors' discretion to establish loan loss provisions for the Issuer. The Issuer will distribute dividends among the different classes of issued Shares such that when the dividends are expressed as a percentage rate of annualized return on capital invested the relative percentage rates between the classes of issued Shares will be as follows:

<b>Share Class</b>	<b>Dividend Rate</b>
Class A Shares (retractable upon not less than 90 days' notice)	Base rate
Class B Shares (retractable after 5 years)	Base rate
Class D Shares (retractable after 3 years)	Base rate less 1.0%
Class F Shares (retractable after 1 year)	Base rate less 2.0%

For example, if the base rate is 5%, the rate for Class A Shares (retractable upon not less than 90 days' notice) will be 5%, the rate for Class B Shares (retractable after 5 years) will be 5%, the rate for Class D Shares (retractable after 3 years) will be 4% and the rate for Class F Shares (retractable after 1 year) will be 3%.

For Dividend Shares (as defined below), the Redemption Date will be deemed to be the same date as the Redemption Date of the Shares originally subscribed and that gave rise to the Dividend Shares.

The Board of Directors of the Issuer has the authority to suspend payment of dividends, pay or accrue any amount in respect of a dividend payment, or vary or alter the dividend rate applicable to the dividends or any particular payment thereof, as may be necessary or prudent in the discretion of the Board of Directors in order to maintain the financial well-being or the legal status of the Issuer.

There is no guarantee that dividends payable to shareholders will be declared.

- (i) **Other matters** - Investors will receive a T5 tax slip for interest income, including reinvested dividends.

Under the Issuer's current policy investors may elect to receive dividends either in cash or in the form of additional Shares. When paying a Dividend Share, rather than paying the dividend in cash, the Issuer pays the dividend by issuing to the investor Shares of the same class of Shares on which the dividend is being paid (the "**Dividend Shares**"). Dividend Shares will be issued at the price of \$1.00 per Dividend Share, or such other price per Dividend Share as the Issuer gives investors not less than 90 days prior written notice of. Investors may change their election to cash or Dividend Shares by giving the Issuer notice of their election change not less than 60 days before the change in election is to take effect. The Issuer reserves the right to amend or cancel its policy regarding the manner of payment of dividends.

- (j) **No Pre-emptive Rights** – Except as otherwise required by law the holders of Shares are not entitled as such to subscribe for, purchase, or receive any part of any issue of shares, bonds, debentures, or other securities of the Issuer.
- (k) **Liquidation, Dissolution, or Winding-Up** – In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Issuer among its shareholders for the purpose of winding up its affairs, the Issuer will distribute the assets of the Issuer among the shareholders in the following priority:
  - (i) first, all holders of every class of Shares will receive the return of the paid-up capital on their Shares. If there are insufficient assets to fully return the paid-up capital the assets will be distributed among all the shareholders pro rata in proportion to their paid-up capital;
  - (ii) second, any remaining assets will be distributed among the holders of the different classes of Shares in the same proportions as if it were a dividend distribution, calculated based on the paid-up capital on the books of the Issuer prior to the application of paragraph (i).
- (l) **No Certificates** – Certificates are not issued for Shares, unless requested and issued in accordance with the Articles of the Issuer. Where certificates have been issued, any retraction, conversion or redemption of Shares will require the surrender of the applicable certificate(s) as described above.

## 5.2 Subscription Procedure

Persons wishing to subscribe for Shares under this offering may do so by completing the following three steps:

- (a) **Subscription Forms** – Investors must complete the appropriate Subscription Agreement for their respective jurisdiction as provided by the EMD.
- (b) **Purchase Price and Method for Payment** – Investors must pay the purchase price for the Shares subscribed for by cheque or bank draft made payable to the Issuer in an amount equal to \$1.00 per Share multiplied by the number of Shares being **subscribed**.
- (c) **Submitting Subscriptions** – Investors may deliver the completed subscription form and payment of the purchase price to the Issuer by **mail** or in person to:

Fisgard Capital Corporation  
3378 Douglas Street, Victoria BC V8Z 3L3  
Phone: (250) 382-9255  
Fax: (250) 384-1498 or Toll Free 1-866-384-1498

- (d) **Two-Day Hold Period** – An investor's subscription funds will be held until midnight on the second business day after the investor signs the Subscription Agreement.
- (e) **Acceptance of Subscriptions and Closings** – Subscriptions may be accepted by the Issuer, subject to the terms and conditions of the Subscription Agreement signed by the investor. Subscriptions will be received subject to prior sale and subject to rejection or allotment, in whole or in part, by the Issuer prior to any **closing**.

Subscriptions may be accepted or rejected by the Issuer in its sole discretion. The Issuer is not obligated to accept any subscription nor to accept subscriptions in the order the Issuer receives them. If the Issuer rejects a subscription, the subscription funds received will be returned to the investor, without interest or deduction, along with notification of the rejection.

**This offering is not subject to any minimum subscription level, and there are no conditions of closing; therefore, any funds received from an investor are available to the Issuer and need not be refunded to the investor. Closings will take place periodically at the Issuer's discretion.**

This offering may be terminated at the sole discretion of the Issuer. For example, the Issuer might choose to terminate the offering upon the occurrence of events such as any material adverse change in the business,

personnel or financial condition of the Issuer or the Manager. If this offering is terminated for any reason, the Subscription Agreements and cash funds received by the Issuer prior to the termination will be returned to investors without interest or deduction as if the Investors' subscriptions had been rejected (whether or not the subscription(s) had previously been accepted by the Issuer).

A prospective investor will become a shareholder upon execution of a Subscription Agreement, acceptance of the Subscription Agreement by the Issuer, payment of the subscription price, and entry of the investor's name in the register of members of the Issuer as a shareholder.

- (f) **Investor Qualifications** – Investor qualifications differ depending on the province or territory of residence of the investor and the prospectus exemption being relied upon. A summary of the applicable **qualifications** as at the date of this Offering Memorandum is set out below. The summary below is for reference only and is qualified by the terms of the applicable exemptions, and the terms of the Subscription Agreement.

Offering Memorandum Exemption

In any Canadian province or territory, an investor may purchase Shares in reliance on the "offering memorandum" exemption contained in section 2.9 of NI 45-106 if (a) the investor purchases the Shares as principal (i.e., not for the benefit of others), (b) at the same time or before the investor signs an agreement to purchase the Shares, the Issuer (i) delivers a copy of this Offering Memorandum to the investor, and (ii) obtains a risk acknowledgement in the required form from the investor, and (c) certain other requirements are complied with. In addition, if an investor is located in a province or territory other than British Columbia and Newfoundland and Labrador, the investor must either (A) qualify as an "eligible investor", or (B) comply with certain investment limits. For these purposes, an "eligible investor" includes:

- (a) a person or company whose:
- (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000;
  - (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years, and who reasonably expects to exceed that income level in the current calendar year; or
  - (iii) net income before taxes alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years, and who reasonably expects to exceed that income level in the current calendar year; and
- (b) a company of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors.

Further information on the definition of "eligible investor" is set out in the required form of Subscription Agreement as is information regarding the ability to purchase in reliance on other available prospectus exemptions.

***ITEM 6: CERTAIN DIVIDENDS OR DISTRIBUTIONS***

Dividends paid by the Issuer in the two most recently completed financial years did not exceed cash flow from operations. See "Item 5: Securities Offered – 5.1 Terms of Securities" for a description of the dividend rights attributed to the Shares.

***ITEM 7: INCOME TAX CONSEQUENCES***

**7.1 Independent Tax Advice**

Investors should consult their own professional advisers to obtain advice on the income tax consequences that apply to them.

**No application has been made for an advance income tax ruling with respect to the investment described in this Offering Memorandum, nor is it intended that any application be made.**

## **7.2 Summary of the Principal Federal Income Tax Consequences**

The Issuer has prepared the following which is, as of the date hereof, a fair and accurate summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Shares by certain investors who acquire Shares pursuant to this Offering Memorandum. For the purposes of this summary, an otherwise undefined term in quotation marks means that term as defined for the purposes of the Tax Act.

This summary is generally applicable to an investor who, for the purposes of the Tax Act and at all relevant times (a) is resident in Canada, (b) deals at arm's length with and is not affiliated with the Issuer, (c) holds Shares as capital property, (d) is not a "financial institution" for the purposes of the "mark-to market" rules contained in the Tax Act, (e) is not a "specified financial institution", (f) does not report its "Canadian tax results" in a currency other than Canadian currency, and (g) does not hold Shares as a "tax shelter investment" and is not an entity that an interest in would be a "tax shelter investment", and is referred to hereafter as a "**Holder**". Generally, Shares will be considered to be capital property to an investor provided that the investor does not hold such Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain investors who are resident in Canada and whose Shares do not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election to have their Shares and every other "Canadian security" owned by them deemed to be capital property.

This summary is based on the current provisions of the Tax Act, the Issuer's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published by it prior to the date hereof and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the "**Tax Proposals**"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Shares and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Shares. Moreover, the income and other tax consequences of acquiring, holding or disposing of Shares will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. Investors should consult their own professional advisors to obtain advice on the income tax consequences that apply to them.**

### **The Issuer**

The following summary assumes the Issuer qualifies as a "mortgage investment corporation" under the Tax Act at all relevant times. For a summary of the criteria that must be met for the Issuer to qualify as a mortgage investment corporation, see "Item 2.2 The Business – Tax Act MIC Criteria".

If the Issuer qualifies as a mortgage investment corporation throughout a taxation year, the Issuer will be deemed to be a "public corporation" for the purposes of the Tax Act; however the Issuer will generally be treated as a conduit for most purposes under the Tax Act: a mortgage investment corporation is entitled to deduct (a) the total amount of all taxable dividends, other than "capital gains dividends" which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the mortgage investment corporation in computing its income for the preceding year, and (b) provided the relevant election is made in the prescribed manner, one half of all "capital gains dividends" paid by the corporation during the period commencing 91 days after the commencement of the year and ending within 90 days after the end of the year.

The Issuer's Articles require it to pay as dividends substantially all of its net income and net realized capital gains every year (subject to the directors' discretion to establish loan loss provisions for the Issuer) and, as a result, the Issuer anticipates that it will not be liable to pay income tax in any year. To the extent the Issuer does not do so, any taxable income will be subject to tax under the rules and at the rates generally applicable to public corporations.

## Shareholders

Dividends (other than "capital gains dividends") paid by the Issuer on the Shares to a Holder will be included in the Holder's income as interest, and not as dividends. Capital gains dividends paid by the Issuer on the Shares to a Holder will be treated as realized capital gains of the Holder and will be subject to the general rules relating to the taxation of capital gains described below. **The ordinary gross up and dividend tax credit rules will not apply to dividends or capital gains dividends paid by the Issuer to a Holder who is an individual.**

Holders that are corporations will not be eligible for the deduction that is generally available for taxable dividends received from taxable Canadian corporations. Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of taxable dividends on the Shares by a corporate Holder.

If a Holder disposes or is deemed to dispose of Shares, the Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Shares exceed (or are exceeded by) the Holder's adjusted cost base of the Shares and reasonable disposition costs. A conversion of a class of Shares into a different class of Shares will generally not constitute a disposition for purposes of the Tax Act.

Generally, if the Issuer redeems or acquires Shares held by a Holder, the Holder will be deemed to receive a dividend equal to the amount, if any, by which the amount paid by the Issuer to the Holder on the redemption or acquisition exceeds the "paid-up capital" of the Shares so redeemed or acquired. Any deemed dividend will be treated in the same manner as other dividends received by the Holder from the Issuer as described above, and its treatment will depend on whether the Issuer elects that the entire dividend be a capital gains dividend (to the extent the Issuer has realized sufficient capital gains, net of any applicable capital losses, in the year). The balance of the amount paid by the Issuer will be proceeds of disposition for the Shares for the purposes of calculating a capital gain (or capital loss).

Generally, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year is required to be included in computing the Holder's income for a taxation year. Subject to and in accordance with the provisions of the Tax Act, one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year will be deducted from taxable capital gains realized in the year by a Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

Capital gains realized (including capital gains dividends received on the Shares) by a Holder that is an individual or a trust (other than certain trusts) may give rise to alternative minimum tax under the Tax Act and any such Holders should consult their own tax advisors with respect to the application of alternative minimum tax.

A Holder that is a "Canadian-controlled private corporation" throughout the year or a "substantive CCPC" (each as defined in the Tax Act) at any time in the year may be liable to pay an additional tax, a portion of which is refundable, on certain investment income for the year, including amounts in respect of dividends included in income as interest, as described above, and taxable capital gains.

### 7.3 Eligibility for Investment by Deferred Income Plans

The Shares will be a qualified investment for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax-free savings account ("**TFSA**"), first home savings account ("**FHSA**") or deferred profit sharing plan (each one a "**Deferred Income Plan**") at a particular time provided (a) the Issuer qualifies as a mortgage investment corporation under the Tax Act at that time, and (b) the Issuer does not hold as part of its property at any time during a calendar year in which the particular time occurs any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, beneficiary, employer or subscriber under, or a holder (as applicable) of the Deferred Income Plan or of any other person who does not deal at arm's length with that person for the purposes of the Tax Act.

Notwithstanding the foregoing, the annuitant, subscriber or holder (as applicable) of a Deferred Income Plan that is an RRSP, RRIF, RDSP, FHSA, RESP or TFSA will be subject to a penalty tax in respect of a Share held in the RRSP, RRIF, RDSP, FHSA, RESP or TFSA if the Share is a "prohibited investment" for the trust governed by the RRSP,

RRIF, RDSP, FHSA, RESP or TFSA, as applicable. A Share generally should not be a "prohibited investment" for trusts governed by an RRSP, RRIF, RDSP, FHSA, RESP or TFSA provided the annuitant, subscriber or holder of the RRSP, RRIF, RDSP, FHSA, RESP or TFSA does not hold a "significant interest" in the Issuer and the Issuer deals at arm's length with the annuitant, subscriber or holder for the purposes of the Tax Act. Generally, an annuitant, subscriber or holder will not have a significant interest in the Issuer unless the annuitant, subscriber or holder owns 10% or more of the issued shares of any class of the capital stock of the Issuer, either alone or together with persons and partnerships with which the annuitant, subscriber or holder is related or does not deal at arm's length for the purposes of the Tax Act. In addition, a Share will not be a "prohibited investment" if the Share is "excluded property" for trusts governed by a RRSP, RRIF, RDSP, FHSA, RESP or TFSA. Holders, subscribers, and annuitants of a RRSP, RRIF, RESP, RDSP, FHSA or TFSA should consult their own tax advisers with respect to whether a Share would be a prohibited investment having regard to their particular circumstances.

**Prospective investors who intend to hold Shares in a Deferred Income Plan should consult their own professional advisers regarding the income tax consequences of investing in Shares of the Issuer. Not all securities are suitable for investment through a Deferred Income Plan.**

**EACH PROSPECTIVE INVESTOR IS ADVISED TO SEEK INDEPENDENT ADVICE IN RESPECT OF THE INCOME TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE ISSUER, TAKING INTO ACCOUNT THEIR OWN PARTICULAR CIRCUMSTANCES.**

#### ***ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS***

##### **8.1 Type and Estimated Amount of Compensation**

The Shares to be sold pursuant to the Offering will be sold by the EMD on a best-effort basis or by agents authorized by the Issuer. The EMD acts as agent for FCC but will not charge a fee or commission when investors purchase Shares of the Issuer. In addition, no commission is paid by the Issuer to its directors, officers, or employees.

The Issuer will pay to the EMD a monthly trailer fee equal to 1/12th of 1.00% of the fair market value of the Shares issued to clients of the EMD (as determined by the Board of Directors of the Issuer) in such calendar month, plus applicable taxes, as compensation for ongoing advice and service in respect of such Shares. The Issuer will pay the same compensation to third party dealers, where Shares are held by their clients. For greater certainty, the monthly trailer fees are exclusive of all applicable sales taxes (including GST/HST). Such sales taxes, if applicable, would be payable in addition to the monthly trailer fees. Following recent changes to the Canada Revenue Agency's administrative position on the GST/HST treatment of mutual fund trailing commissions, GST/HST is expected to apply to the monthly trailer fees effective July 1, 2026.

The Issuer has historically paid commissions to the EMD and the Old Manager equivalent to 1.0% per year of the capital invested. In the fiscal year ending December 31, 2025, the Issuer paid commissions in connection with the distribution of Shares in the amount of \$2,372,538 to the Old Manager, \$510,282 to the EMD and \$2,706 to external third party dealers. For the period ending March 31, 2026, the Old Manager earned commissions in connection with the distribution of Shares in the amount of \$0, the EMD earned commission in connection with the distributions of Shares in the amount of \$787,457 and external exempt market dealers have earned commissions in the amount of \$1,428.

The Issuer may enter into exclusive or non-exclusive agency agreements with agents under which the agents offer the Shares for sale to investors on a best efforts or other basis and the Issuer would be responsible for payment of any commissions or other compensation payable to such agents. As of the date of this Offering Memorandum, no such agreements have been entered into.

##### **8.2 Relationship between the Issuer and Fisgard Capital Management Ltd.**

The Issuer is a "connected issuer" and "related issuer" of the EMD, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*, by virtue of the EMD's role as an exempt market dealer engaged to sell securities of the Issuer as approved by the Manager offered hereby and based on the fact that the Issuer, the Manager and the EMD have common directors, officers and securityholders. The EMD was involved in the decision to distribute the securities and the determination of the terms of the distribution. The EMD will be entitled to trailer fees in connection with the

offering of Shares (see above under this Item). See "Item 9: Risk Factors and Conflicts of Interest – 9.2 Conflicts of Interest".

## **ITEM 9: RISK FACTORS AND CONFLICTS OF INTEREST**

### **9.1 Risk Factors**

This is a speculative offering. The purchase of Shares involves several risk factors and is suitable only for investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity. There is no assurance of any return on an investor's investment.

The Issuer advises that prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

In addition to the factors set forth elsewhere in this Offering Memorandum prospective investors should consider the following risks before purchasing Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Issuer's business and/or the return to the investors.

#### **Investment Risk**

Risks that are specific to the Shares being offered under this offering include the following:

1. **Speculative Nature of Investment** - This is a speculative offering. The purchase of Shares involves several significant risk factors and is suitable only for investors who are aware of the risks inherent in mortgage investments and the real estate industry and who have the ability and willingness to accept the risk of the total loss of their invested capital and who have no immediate need for liquidity.
2. **Return on Investment** - There is no assurance that sufficient revenue will be generated by the Issuer from which dividends can be declared by the directors and paid to the investors.
3. **No Guaranteed Dividends** - The dividends in which the investors are entitled to participate are not cumulative and will not be paid unless such dividends have been declared by the directors. The directors have the sole discretion as to whether any such dividends are declared. Therefore, there is no guarantee that dividends payable to shareholders will be declared.
4. **No Review by Regulatory Authorities** - This Offering Memorandum constitutes a private offering of the Shares by the Issuer only in those jurisdictions where and to those persons to whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement, or public offering of these Shares. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.
5. **Restrictions on the Transfer or Assignment of Shares** - The Shares cannot be transferred or assigned unless such transfer or assignment is approved by the directors and is in compliance with applicable securities laws. The Shares are subject to onerous resale restrictions under applicable securities legislation. See "Item 11: Resale Restrictions" regarding resale restrictions applicable to the Shares. However, Shares are retractable in certain circumstances. See "Item 5: Securities Offered".
6. **No Market for Shares** – There is no market through which the Shares may be sold, and the Issuer does not expect that any market will develop pursuant to this offering or in the future. Accordingly, an investment in Shares should only be considered by investors who do not require liquidity.
7. **Redemption Liquidity** – The Shares are redeemable, meaning that investors have the right to require the Issuer to redeem them, upon appropriate advance notice from the investor to the Issuer. The different classes of Shares have different redemption dates, which in the case of Class A shares is on not less than 90 days'

notice, and in the case of Class B, Class D and Class F shares as measured from the date on which the investor is issued the shares to the date on which the investor is entitled to call for their redemption by the Issuer, with the Class B shares having a five year redemption period, the Class D shares have a three year redemption period and the Class F shares a one year redemption period. **In the case of Class B, Class D and Class F shares, if the investor does not provide the Issuer with the appropriate notice of redemption, the right of redemption is suspended until an additional time period has elapsed.** See "5.1: Terms of Securities".

The Issuer gives no assurance that any investor will be able to redeem any or all of their Shares at any time. Retraction and redemption of the Shares is subject to the Issuer having access to sufficient cash, or other liquid assets, and following applicable corporate and securities legislation, and is subject to the terms in this Offering Memorandum, all as determined solely by the Issuer. Retraction and redemption of the Shares is also subject to the discretion of the directors to act in the best interests of the Issuer under the Tax Act. Accordingly, this investment is unsuitable for those prospective investors who may require liquidity.

8. **Absence of Management Rights** – The Shares being sold under this offering do not carry voting rights, and consequently an investor's investment in Shares does not carry with it any right to take part in the control or management of the Issuer's business, including the election of directors.

In assessing the risks and rewards of an investment in Shares, potential investors should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Issuer and the Manager to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's and the Manager's directors, officers and employees. It would be inappropriate for investors unwilling to rely on these individuals to this extent to purchase Shares.

9. **Lack of Separate Legal Counsel** – The investors, as a group, have not been represented by separate counsel. Neither counsel for the Issuer nor counsel for the Manager purport to have acted for the investors nor to have conducted any investigation or review on their behalf.

## Issuer Risk

Risks that are specific to the Issuer include the following:

1. **Reduction of Annual Portfolio Dividend Income** – The Issuer currently has no non-performing loans or limited partnership investments which have caused a reduction in the dividends otherwise payable to shareholders. See "Item 2.3: Development of Business – Portfolio Summary – *Reduction of Annual Portfolio Dividend Income*".
2. **Financial Risk** – Asset risk is the possibility of devaluation of the Issuer's securities (its assets), real estate and otherwise. This is a market condition variable that cannot be controlled by the Issuer. Interest rate risk is the possibility of an adverse mismatch between the Issuer's cost of borrowing and the amount of interest it receives on its mortgage investments.
3. **Higher Risk Loans** – The Issuer will undertake higher risk loans than many conventional lenders such as banks and as a result, there is a greater risk of default. Although the Issuer performs due diligence with respect to each loan and attempts to reduce risk by diversification of its portfolio, defaults on significant loans may affect the dividends payable to shareholders. See "Item 2.2: The Business".

The Issuer does its best to avoid unreasonable concentration of mortgage funds in a particular borrower or group of related borrowers, concentration in a particular locale or community and concentration in a particular type of real estate product (e.g. commercial, industrial, raw land development, construction, fee simple vs strata property) with the obvious exception of residential real estate which type is a statutory requirement applicable to the Issuer as a "mortgage investment corporation" under the Tax Act.

4. **Higher Risk Unsecured Non-Reporting Equity Investments** – From time to time, the Issuer may experience defaults and impairments in its mortgage investments, and these defaults may result in foreclosures which the Issuer may resolve by taking title to the mortgaged property or by having title to the property held by a limited partnership or other vehicle. See "Item 2.2: The Business". The investment in these

limited partnerships or other vehicles will generally be unsecured and are typically higher risk than investments in secured debt securities. There is no guarantee that these investments will earn a positive return and in fact, there is a risk that the Issuer could lose its entire investment. In addition, as these limited partnerships and other vehicles will generally be private, non-reporting entities, there may be additional risks associated with the more limited disclosure provided by these types of entities.

5. **MIC Tax Designation** – Under the Issuer's Articles, the Issuer's directors are required to use their best efforts to ensure that the Issuer qualifies as a "mortgage investment corporation" under the Tax Act. As well, the Issuer's Articles grant the directors the discretion to reject any applications for dividend shares or share subscriptions, transfers, redemptions or retractions where, in the view of the directors, such action would not be in the Issuer's best interests as a mortgage investment corporation under the Tax Act.

**There can be no assurance, however, that the Issuer will be able to meet the Tax Act's MIC qualifications at all material times.**

As the Issuer is qualified as a "mortgage investment corporation", the Issuer may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Issuer on the Shares. Rather, the dividends will be taxable in the hands of shareholders as if they had received an interest payment. If for any reason the Issuer fails to maintain its mortgage investment corporation qualification in a particular year, the dividends paid by the Issuer on the Shares would cease to be deductible from the income of the Issuer for that year and the dividends it pays on the Shares would be subject to the normal gross-up and dividend tax credit rules. In addition, the Shares might cease to be qualified investments for trusts governed by RRSPs, RRIFs, DPSPs, RDSPs, RESPs, TFSAs and FHSAs, with the effect that a penalty tax would be payable by the investor.

6. **Reliance on Neighbourhood Holding Company Ltd.** – In accordance with the terms of the Management Services Agreement between the Issuer and the Manager, the Manager has significant responsibility for assisting the Issuer to conduct its affairs. Any inability of the Manager to perform competently or on a timely basis will negatively affect the Issuer.
7. **Key Personnel** – The operations of the Issuer and the Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Issuer to implement its business plan.

The Manager's management team consists of several key personnel. To manage the Issuer successfully in the future it may be necessary to further strengthen its management team. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Issuer's business, financial condition, and results of operations.

8. **Bank Borrowing** - The Issuer will borrow funds whenever funds are required and available provided it is economical and prudent to do so. These borrowings may take the form of lines-of-credit from banks and other lending institutions, and borrowings from private lenders. It is probable that these borrowings will be secured by a charge against the assets and equity of the Issuer, and in the event of liquidation or wind-up, will rank in priority to the outstanding shares of the Issuer and/or may force the Issuer to de-leverage (repay borrowings) on short notice, perhaps having to use cash reserves and/or sell assets to repay such borrowings. For further information, see "2.2 The Business – Use of Borrowing", "4.2 Short-Term Debt" and "4.3 Long-Term Debt".
9. **Other Borrowings – Short-Term Debentures (Debt) Instruments and Promissory Notes** – The Issuer may from time to time borrow funds through the issuance of short-term debenture (debt) instruments and promissory notes to third parties. Borrowings under these instruments may include corporate guarantees and covenants and may be secured by the assets of the Issuer. Any amounts borrowed under such instruments will be within the borrowing limits applicable to the Issuer as a MIC.

In the event of a liquidation or wind up of the Issuer, the borrowings under such debentures and promissory notes will rank in priority to any distributions of the assets of the Issuer among the holders of outstanding

Shares of the Issuer and/or may force the Issuer to de-leverage (repay) the borrowings on short notice, which may require the Issuer to use its cash reserves and/or sell the Issuer's assets to repay the borrowings. For further information, see "2.2 The Business – Use of Borrowing", "4.2 Short-Term Debt" and "4.3 Long-Term Debt".

10. **Conflicts of Interest** – Conflicts of interest exist, and may arise from time to time, between investors and the directors and officers of the Manager and the Issuer and their associates and affiliates.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner favorable to investors. Persons considering a purchase of Shares pursuant to this offering must rely on the judgment and good faith of the directors, officers and employees of the Manager and the Issuer in resolving such conflicts of interest as may arise.

The Board of Directors of the Issuer, the Manager and the EMD are not controlled by the Issuer but are related by common management and personnel. This could create potential conflicts of interest between any of those entities. The risk exists that any such conflicts will not be resolved in the best interests of the Issuer. However, the Board of Directors of the Issuer will make any decision involving the Issuer honestly and in good faith.

The Issuer is a "connected issuer" and "related issuer" of the EMD, as such terms is defined in National Instrument 33-105 – Underwriting Conflicts, by virtue of the EMD's role as an exempt market dealer engaged to sell securities of the Issuer as approved by the Manager offered hereby and based on the fact that the Issuer, the Manager and the EMD have common directors, officers and securityholders. Additionally, the EMD is considered a "captive dealer" as defined by CSA Staff Notice 31-343 because it solely or primarily distributes securities of related or connected issuers. However, the EMD will make any decision involving the Issuer honestly and in good faith.

The EMD's relationship with the Issuer may cause the EMD to perform due diligence on the securities offered hereby with a less independent view, and the EMD may be considered to have an added incentive to sell the securities under this Offering. The judgement of the EMD's dealer representatives, management and supervisory staff may be considered to be affected by these relationships. In light of the conflicts of interest, the EMD has adopted policies and procedures for assessing a purchase as suitable for a client and for identifying and responding to conflicts of interest by avoiding, controlling or disclosing conflicts of interest. The EMD was involved in the decision to distribute securities under the Offering or the terms of the Offering.

The Manager and the EMD may each establish in the future, other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Issuer and may act as advisor, exempt market dealer and/or manager to such vehicles.

Additional specific conflicts of interest that may arise are described in the applicable sections of this Offering Memorandum.

11. **Termination of the Management Services Agreement** - The Management Services Agreement between the Issuer and the Manager can be terminated for (a) cause and (b) *any other reason* duly approved by the Issuer. If the Management Services Agreement is terminated for *any other reason* there are specific terms and conditions (i.e. notice period of one year) that apply. This provision would cause increased costs to the Issuer.
12. **Cyber Security Risk** - The Issuer's and its service providers' use of internet, technology, and information systems may expose the Issuer to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or assets, or cause the Issuer and/or its service providers to suffer data corruption or lose operational functionality.

## Industry Risk

There are also risks faced by the Issuer because of the industry in which it operates. Real estate investment is subject to significant uncertainties due, among other factors, to uncertain costs of construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The higher returns expected from the Issuer's mortgage investments reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgage loans.

Prospective investors should take note of the following:

1. **General Economic Risk (External Economic and Political Environment)** - The Issuer cannot predict the real estate market's future values which may include declines in values. It is not possible for the Issuer to predict with any accuracy influences such as world affairs, global and local politics and economies, labour markets, environmental impacts and unexpected events such as the outbreak of infectious illnesses or other public health issues. These are unknowns and the Issuer makes no representations or warranties as to being an authority on these causes and effects. Real estate markets and certain economies may result in declining real estate values and lower interest rates, either or both of which may result in lower returns to the Issuer and lower dividends to its shareholders.
2. **General Risks of Real Estate Investments** - Investments in real estate are subject to many risks, including those posed by the highly competitive nature of the real estate industry, changes in general or local conditions, changes in property values, increases in interest rates, the lack of available financing, increases in real estate tax rates and vacancy rates, overbuilding, changes in governmental regulations and monetary policies, and other factors that are beyond the control of the Issuer.

The real estate investment, including the mortgage investment, is generally large compared to other investments such as stocks, bonds, term deposits, GICs, and so forth. Being of considerable size, a real estate property investment or portfolio is relatively less liquid than other investments, so the Issuer and its shareholders may find that it takes longer to sell real estate property than it does to sell smaller and more liquid investments such as stocks, bonds, mutual funds and so forth.

Real estate values are also subject to other costs that can change quickly and unpredictably, materially affecting value. Such costs may include property taxes, property insurance, property maintenance and management, strata corporation fees and other levies. Degree of demand for land to develop and build on and demand for finished real estate products will affect value and cannot be accurately anticipated.

In the case of real estate and construction some of the myriad factors that may affect real estate values are supply and demand, employment, availability of services (sewer, water, electricity, telephone, gas, cable), costs of development and construction (permits, licenses, labour, materials, plans, marketing, insurance, bonding), world affairs, local politics, environmental concerns, interest rates and so forth. Another important factor is sheer competition amongst developers and builders.

3. **Higher Risk Mortgage Loans** – The potential higher returns associated with the Issuer's mortgage investments reflects the greater risks associated with the Issuer's mortgage portfolio and the type of mortgages in which the Issuer invests; for example, mortgages that are second as well as first, mortgages on construction and development, mortgages that are high ratio LTV, and so forth. Should any of these risks materialize they may adversely affect the return to the Issuer in connection with its mortgage loans and therefore may adversely affect returns to investors.
4. **Prior Mortgages and Charges** - The Issuer invests in second (junior) as well as first (senior) mortgages. When the Issuer invests in a second mortgage its mortgage will be subject to a first (senior mortgage) charge sitting in front of the Issuer's mortgage. Financial charges for construction and other financing funded by conventional third-party lenders may also rank in priority to the mortgages registered in favor of the Issuer. In the event of a default in the first mortgage the Issuer may find itself in a position of having to protect its interest by either paying out the first mortgage or maintaining payments on the first mortgage to keep it in good standing and keep it from foreclosing. If foreclosure takes place, the property is sold, and the sale price

is not sufficient to cover both the first mortgage and the Issuer's mortgage, the Issuer may not recover all or part of its mortgage investment, resulting in a loss.

5. **High Loan Ratios** - The Issuer may make mortgage loans in excess of what a typical conventional lender might make in terms of LTV ratio. For example, conventional mortgage loans may be in the range of 65% to 70% LTV whereas the Issuer may decide to lend, for example, in the range of 70% to 75% or higher in special circumstances.

The Issuer may also lend against development and construction projects where the LTV depends on the value of the project as it progresses through development and construction. These development and construction mortgage loans depend for their success on a variety of variables and forces including cost of labour and materials, weather, market and other unknowns. The risk is that these unknown influences could, without prior warning, have an adverse effect on the value of the property and may even result in the project faltering or stalling or not being completed, resulting in a loss to the Issuer should the property end up being sold for an amount less than the Issuer's mortgage balance.

6. **High Recovery Costs** - There are many costs associated with default action and recovery against a borrower, not the least of which are legal and Court costs, receiver costs, payment of arrears of property taxes, insurance, strata fees and assessment, property upkeep, valuation costs, marketing costs and so forth. These costs associated with loan recovery can often be high and, particularly in a declining real estate market requiring a long hold and marketing period, can result in the property being sold for less than the Issuer's mortgage balance, resulting in a loss.
7. **Potential Liability under Environmental Protection Legislation** - Environmental and ecological legislation has become increasingly important and onerous, and the amount of regulation and penalties for non-compliance is growing. This represents a risk to lenders as well as property owners and borrowers as it is possible that the liability for non-compliance can pass to the lender (the Issuer) if the property owner/borrower defaults in terms of environmental requirements. Under various laws it is possible that the Issuer could become liable for the costs of removal of toxic or hazardous substances and remediation of the subject property as well as neighboring property(s). Where the Issuer suspects possible environmental issues, the Issuer will complete environmental diligence including obtaining necessary professional environmental reports and clearances.
8. **Mortgage Insurance and Property Insurance** - The Issuer's mortgage loans will not usually be insured in whole or in part by default insurers such as Canadian Mortgage and Housing Corporation (CMHC). As well, there are certain inherent risks in the real estate industry, some of which the Issuer may not be able to insure against or which the Issuer may elect not to insure due to the cost of such insurance. The effect of these factors cannot be accurately predicted.

The Issuer requires that property insurance be carried by the borrower on all property(s) securing the Issuer's mortgage. The risk is that the borrower may not obtain adequate insurance coverage or the right type of coverage or may not maintain the insurance in good standing, letting it lapse. To mitigate this risk the Issuer retains the right to maintain adequate insurance and apply the cost of premiums to its mortgage.

9. **Default** - If there is default on a mortgage it may be necessary for the Issuer, in order to protect the investment, to engage in foreclosure or sale proceedings and to maintain prior encumbrances in good standing. In such cases it is possible that the total amount recovered by the Issuer may be less than the total investment, resulting in a loss to the Issuer. Equity investments in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Issuer's income.
10. **Yield** - Yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, government regulation and tax laws. The Issuer cannot predict the effect that such factors will have on its operations.

11. **Competition** - Earnings of the Issuer depend on the Issuer's ability, with the assistance of the Manager, to source suitable opportunities for the investment of the Issuer's funds and on the yields available from time to time on mortgages and other investments. The investment industry in which the Issuer operates is subject to much competition from competitors many of whom have greater financial and technical resources than the Issuer. Such competition may adversely affect the Issuer's success in the marketplace. There is no assurance that the Issuer will be able to successfully maintain its business plan or operate profitably.
12. **Unsecured Equity Investments** - There are risks faced by the Issuer due to the nature of the industries in which it invests through equity units of the limited partnerships. There is a higher risk of a lower return on capital invested as well as a risk of loss of the invested capital.

Limited partnerships are actively managed businesses in a wide variety of potential industries including but not limited to: real estate development, construction, leasing, manufacturing, retail, wholesale and distribution businesses. In essence whatever the underlying property or business that was associated with a prior mortgage provided by the Issuer may become or be a part of the business of the limited partnerships. Depending on the business carried out by each of the limited partnerships the Issuer invests in may have significant risks associated with them.

All businesses are subject to significant uncertainties due to, among other factors, costs of business operations, development and financing, uncertainty as to the ability to generate sufficient net income, uncertainty of obtaining required licenses, permits and approvals, and fluctuating demand for their products. The anticipated higher returns associated with the Issuer's investment reflect the greater risks involved in making these types of investments as compared to continuing the process of foreclosure on an existing mortgage loan of the Issuer. Inherent in these investments are completion risks as well as financing risks.

13. **Payment Structures** – A significant portion of the Issuer's investment portfolio may be invested in "interest only" mortgages. An interest only mortgage is a mortgage which, for a set term, the borrower pays only the interest on the principal balance, with the principal balance unchanged. Because these types of mortgages do not involve the borrower making payments towards the principal balance during the term of the loan, they may expose the Issuer to greater risks than a mortgage that involves payments towards the principal balance (i.e., because the principal balance remains outstanding in full). The risks associated with interest only mortgages will generally be less for short term mortgages because in a short-term mortgage the outstanding principal is only slightly reduced during the term (i.e., meaning that the risk associated with such a mortgage not being repaid on maturity is not materially different from other mortgages).

The Issuer may also invest in mortgages where interest accrues and is capitalized rather than paid periodically, or where advances are made on a revolving basis, which may result in variability in the outstanding balance and loan-to-value ratio over the term of the mortgage.

14. **Aboriginal Title and Fee Simple Title Uncertainty (Cowichan Decision) – Aboriginal Title and Fee Simple Title Uncertainty (Cowichan Decision)** – On August 7, 2025, the British Columbia Supreme Court released *Cowichan Tribes v. Canada (Attorney General)*, 2025 BCSC 1490 (the "Cowichan decision"). Among other things, the Court declared Aboriginal title over privately-owned, fee simple lands. As a result, there is uncertainty regarding the degree to which privately-owned, fee simple lands are subject to claims of Aboriginal title, including the status and priority of third-party interests, including mortgages over lands that may be subject to Aboriginal title. As the Cowichan decision is under appeal, the final outcome is not yet known, and the parties' concerns may ultimately be resolved by agreement, settlement and/or legislative responses. The impacts of this decision on privately owned lands may include increased title insurance requirements or exclusions, longer transaction timelines, higher due-diligence costs and impacts on value. Further declarations of Aboriginal title over privately-owned land could also result in challenges to the enforceability or priority of mortgage security, or losses if land value is impaired. These developments are outside the Issuer's control and could adversely affect the Issuer's business, financial condition and results of operations.
15. **Worsening Economic Conditions** – Uncertainty and negative trends in general economic conditions in Canada and abroad, including significant tightening of credit markets, historically have created a difficult environment for entities operating in various industries. Many factors beyond the Issuer's control may have

a detrimental impact on the returns of the Issuer, including short-term and long-term interest rates, inflation, fluctuations in debt markets, unemployment levels, consumer confidence, housing price declines and other general economic conditions, as well as events such as natural disasters, acts of war, terrorism and catastrophes. These conditions may result in higher default rates on mortgages. There can be no assurance that economic conditions will remain favourable for the Issuer's business or that default rates on mortgages will remain at current levels. Increased default rates on mortgages may inhibit the Issuer's returns.

## **9.2 Conflicts of Interest**

The Issuer and its shareholders are dependent upon the experience and good faith of the Manager and the EMD. The Manager and the EMD are each entitled to act in a similar capacity for other issuers with investment policies similar to that of the Issuer and, accordingly, conflicts may arise. Certain directors and officers of the Issuer are also directors and officers of the Manager and of the EMD respectively. If the Manager or the EMD are obligated to provide other companies with an adequate ongoing supply of investments and there are limited investments available, the supply of investments provided by the Manager or the EMD to the Issuer may be affected.

Furthermore, certain of the directors and officers of the Issuer are also directors, officers and/or shareholders of other mortgage investment corporations and conflicts of interest may arise between their duties as directors of the Issuer and as directors of such other companies. All such possible conflicts will be disclosed in accordance with the requirements of applicable law and the directors concerned will govern themselves in respect thereof to the best of their ability and in accordance with the obligations imposed on them by law.

Certain directors and officers of the Issuer may be involved in the sale of Shares offered hereunder, but no commissions will be paid or payable to such directors and officers.

As noted above, the Issuer is a "connected issuer" and "related issuer" of the EMD, within the meaning of applicable securities legislation, given the role of the EMD as an exempt market dealer engaged to sell securities of the Issuer as approved by the Manager offered hereby and based on the fact that the Issuer, the Manager and the EMD have common directors, officers and securityholders. The EMD was involved in the decision to distribute the Shares and the determination of the terms of the distribution. The EMD will be entitled to trailer fees in connection with the offering of Shares (see above under this Item). See "Item 3: Compensation and Security Holdings of Certain Persons", "Item 8: Compensation Paid to Sellers and Finders" and "Item 9: Risk Factors".

## ***ITEM 10: REPORTING OBLIGATIONS***

### **10.1 Documents**

**We are not required to send you any documents on an annual or ongoing basis.**

The Issuer is not a "reporting issuer" as that term is defined in applicable securities legislation, nor will it become a reporting issuer following the completion of the offering. As a result, the Issuer will not be subject to the continuous disclosure requirements of such securities legislation that are applicable to reporting issuers. However, investors will receive quarterly statements reflecting their investment in the Issuer, quarterly (or monthly, at the discretion of the Board) dividend cheques, if applicable, and yearly T5 tax returns for investment income.

The Issuer's fiscal year commences January 1 in each year and ends December 31 of the same year. The Issuer will prepare audited financial statements for each fiscal year and make the statements available to investors on its website at [secure.fisgard.com](http://secure.fisgard.com) within the "client login" area accessed on the header bar.

The audited financial statements of the Issuer as at December 31, 2025 are included below under the heading "13. Financial Statements".

## **10.2 Availability of Information**

This Offering Memorandum and certain other documents about the Issuer are available via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedarplus.ca](http://www.sedarplus.ca). Additionally, certain corporate or securities information about the Issuer is available on the following websites:

- British Columbia Securities Commission – [www.bsc.bc.ca](http://www.bsc.bc.ca)
- Alberta Securities Commission – <http://www.albertasecurities.com>
- Ontario Securities Commission – [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

## ***ITEM 11: RESALE RESTRICTIONS***

### **11.1 Restricted Period**

The Issuer is not:

- (a) a reporting issuer in any Canadian province or territory, or
- (b) a SEDAR filer and a reporting issuer in any Canadian province or territory.

Unless permitted under securities legislation, you cannot trade Shares before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory in Canada. The Issuer will not become a reporting issuer upon completion of this offering and does not currently anticipate becoming a reporting issuer. The resale restriction on Shares may therefore never expire. However, Shares are retractable in certain circumstances. See "Item 5: Securities Offered".

### **11.2 Manitoba Resale Restrictions**

Unless permitted under securities legislation, you must not trade Shares in Manitoba without the prior written consent of the regulator in Manitoba unless:

- (a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the Shares you have purchased, and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Shares for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. However, Shares are retractable in certain circumstances. See "Item 5: Securities Offered".

## ***ITEM 12: PURCHASERS' RIGHTS***

### **12.1 Statements Regarding Purchasers' Rights**

If you purchase Shares, you will have certain rights, some of which are described below. For more information about your rights, you should consult a lawyer.

The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province in which they are resident, and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

As used herein, except where otherwise specifically defined, "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

## **Two Day Cancellation Right**

You can cancel your agreement to purchase Shares. To do so, you must send a notice to the Issuer by midnight on the second business day after you sign the agreement to buy the Shares. Emails can be sent to [info@fisgard.com](mailto:info@fisgard.com).

## **Statutory Rights of Action in Event of a Misrepresentation**

### ***British Columbia Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser resident in British Columbia who purchases Shares in reliance on the "offering memorandum" exemption set out in section 2.9 of NI 45-106 and contains a misrepresentation and it was a misrepresentation at the time of purchase, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum, and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, the above noted parties have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy Shares. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the Shares.

### ***Alberta Investors – Statutory Rights of Action in the Event of a Misrepresentation***

Where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser of Shares resident in Alberta in connection with the distribution of Shares in reliance on the "offering memorandum" prospectus exemption set out in section 2.9 of NI 45-106 or the "minimum amount investment" exemption in section 2.10 of NI 45-106 and contains a misrepresentation, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

### ***Manitoba Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum is delivered to a purchaser of Shares resident in Manitoba and contains a misrepresentation, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum, and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, the above noted parties have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after the day you first had knowledge of the facts giving rise to the cause of action and two years after you signed the agreement to purchase the Shares.

***Ontario Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser of Shares resident in Ontario and contains a misrepresentation, subject to the qualifications set forth below, you have a statutory right of action against the Issuer:

- (a) to cancel your agreement to buy the Shares, or
- (b) sue for damages.

This statutory right of action is available to you whether or not you relied on the misrepresentation if such statement or omission was a misrepresentation at the time of your purchase of the Shares. However, there are various defences available to the persons or companies that you have a right to sue. In particular, the Issuer has a defense if it proves that you purchased the Shares with knowledge of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement to buy the Shares within 180 days of the date upon which you entered into such agreement. You must commence your action for damages no later than the earlier of (i) 180 days after you first received knowledge of the facts giving rise to the cause of action; and (ii) three years after the date upon which you entered into the agreement to purchase the Shares.

***Saskatchewan Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Saskatchewan and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these Shares, or
- (b) for damages against:
  - (i) the Issuer;
  - (ii) every promoter and director of the Issuer at the time this Offering Memorandum or any amendment to it was sent or delivered;
  - (iii) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
  - (iv) every person who or company that, in addition to the persons or companies mentioned above, signed this Offering Memorandum or the amendment to this Offering Memorandum; and
  - (v) every person who or company that sells Shares on behalf of the issuer or selling security holder under this Offering Memorandum or amendment to this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years from the date upon which you entered into the agreement to purchase the Shares.

***New Brunswick Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in New Brunswick and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right of action against the Issuer:

- (a) to cancel your agreement to buy the Shares, or
- (b) sue for damages against the Issuer, the selling security holder or whose behalf the distribution is made, every person who was a director of the issuer at the date of the Offering Memorandum and every person who signed the offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after you signed the agreement to purchase the Shares.

***Nova Scotia Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Nova Scotia and it contains a misrepresentation at the time of the purchase, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement or for damages within 120 days after the date on which payment was made for the Shares or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to.

***Prince Edward Island Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Prince Edward Island and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

***Newfoundland and Labrador Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Newfoundland and Labrador and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

***Yukon Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Yukon and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

***Northwest Territories Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Northwest Territories and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or

- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

#### ***Nunavut Investors – Statutory Rights of Action in the Event of a Misrepresentation***

If this Offering Memorandum, or any amendment to it, is sent or delivered to a purchaser of Shares resident in Nunavut and it contains a misrepresentation, a purchaser who purchases a security covered by this Offering Memorandum or any amendment to it is, has a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy the Shares, or
- (b) for damages against the Issuer, every director of the Issuer at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Shares.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to buy the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after you signed the agreement to purchase the Shares.

#### **Contractual Rights of Action in Event of a Misrepresentation**

##### ***Rights for Investors in Québec***

Notwithstanding that the securities legislation in Québec does not provide or require the Issuer to provide to purchasers resident in Québec any rights of action in circumstances where this Offering Memorandum or any amendment to this Offering Memorandum contains a misrepresentation, the Issuer grants to such purchasers the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase Shares in reliance on the "offering memorandum" exemption set out in section 2.9 of NI 45-106, as described above under "British Columbia Investors - Statutory Rights of Action in the Event of a Misrepresentation".

##### ***Rights for Investors in British Columbia Purchasing as "Accredited Investors", in Reliance on the "Friends, Family and Business Associates" Exemption or under the "Minimum Amount Investment" Exemption***

Investors resident in British Columbia who purchase Shares in reliance on the "accredited investor", the friends, family and business associates, or the "minimum amount investment" exemptions set out in sections 2.3, 2.5 and 2.10 of NI 45-106, respectively, will be entitled to the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase Shares in reliance on the "offering memorandum" exemption set out in section 2.9 of NI 45-106, as described above under "British Columbia Investors - Statutory Rights of Action in the Event of a Misrepresentation".

***Rights for Investors in Alberta Purchasing as "Accredited Investors" or in Reliance on the "Friends, Family and Business Associates" Exemption***

Investors resident in Alberta who purchase Shares in reliance on the "accredited investor" or the friends, family and business associates, or the exemption set out sections 2.3 and 2.5 in NI 45-106 will be entitled to the same rights of action for damages or rescission as those afforded to residents of Alberta who purchase Shares in reliance on the "offering memorandum" exemption set out in section 2.9 of NI 45-106, as described above under "Alberta Investors - Statutory Rights of Action in the Event of a Misrepresentation".

**12.2 Cautionary Statement Regarding Report, Statement or Opinion by Expert**

This Offering Memorandum references the Issuer's Audited Financial Statements for the year ended December 31, 2025, prepared by KPMG LLP, Chartered Professional Accountants, as the auditor of the Issuer, including the Independent Auditor's Report dated April 15, 2026. You do not have a statutory right of action against this party for a misrepresentation in this Offering Memorandum. You should consult a legal adviser for further information.

*[Remainder of page intentionally blank]*

***ITEM 13: FINANCIAL STATEMENTS***

**13.1 Audited Financial Statements (December 31, 2025)**

Financial Statements  
(Expressed in Canadian dollars)

**FISGARD CAPITAL CORPORATION**

Year ended December 31, 2025

# FISGARD CAPITAL CORPORATION

Table of Contents

(Expressed in Canadian dollars)

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	<b>Page</b>
<b>Independent Auditor's Report</b>	
Statement of Financial Position	1
Statement of Comprehensive Income	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 21



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Canada  
Telephone 250 480 3500  
Fax 250 480 3539

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Fisgard Capital Corporation

### ***Opinion***

We have audited the financial statements of Fisgard Capital Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants

Victoria, Canada

April 15, 2026



# FISGARD CAPITAL CORPORATION

Statement of Comprehensive Income  
(Expressed in Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Interest and fees earned:		
Interest on mortgage loans	\$ 31,065,465	\$ 32,496,146
Other revenue (note 9)	2,091,646	1,921,082
	<u>33,157,111</u>	<u>34,417,228</u>
Expenses:		
Management fees (note 10)	6,504,057	6,163,300
Investment referral fees (note 10)	2,885,444	2,674,361
General and administrative expenses	308,236	179,252
Professional fees	241,367	224,287
Provisions for mortgage losses (note 5)	155,298	344,154
Financing costs	121,818	902,080
	<u>10,216,220</u>	<u>10,487,434</u>
Profit before undernoted items	22,940,891	23,929,794
Other expenses:		
Dividends on redeemable shares	(21,391,930)	(23,511,751)
Earnings before income taxes	1,548,961	418,043
Income taxes	2,688,951	320,385
Profit (loss) and comprehensive income (loss) for the year	<u>\$ (1,139,990)</u>	<u>\$ 97,658</u>

See accompanying notes to financial statements.

# FISGARD CAPITAL CORPORATION

## Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024

	Share capital	Retained earnings (deficit)	Total equity
Balance at January 1, 2024	\$ 480	\$ 1,046,920	\$ 1,047,400
Profit and comprehensive income for the year	-	97,658	97,658
Balance at December 31, 2024	480	1,144,578	1,145,058
Loss and comprehensive loss for the year	-	(1,139,990)	(1,139,990)
Balance at December 31, 2025	\$ 480	\$ 4,588	\$ 5,068

See accompanying notes to financial statements.

# FISGARD CAPITAL CORPORATION

Statement of Cash Flows  
(Expressed in Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash flows from (used in) operating activities:		
Profit and comprehensive income for the year	\$ (1,139,990)	\$ 97,658
Items not involving cash:		
Dividends on redeemable shares	21,391,930	23,511,751
Provision for mortgage losses (note 5)	(213,272)	91,452
	20,038,668	23,700,861
Changes in non-cash operating working capital:		
Increase in income taxes receivable	(2,094,760)	-
Increase in mortgage loans receivable, net	(19,694,380)	(6,702,046)
Increase (decrease) in other current assets	(6,309)	5,001
Decrease (increase) in accounts payable and accruals	2,602,734	(26,711)
Increase in due to related parties	2,605,042	-
(Decrease) increase in interest reserve	(218,887)	300,622
	3,232,108	17,277,727
Cash flows from (used in) financing activities:		
Redeemable share subscriptions	18,350,944	18,595,134
Redeemable share redemptions	(16,106,029)	(17,495,482)
Dividends paid on redeemable shares	(4,741,972)	(5,127,843)
	(2,497,057)	(4,028,191)
Increase in cash	735,051	13,249,536
Cash at beginning of year	3,260,596	(9,988,940)
Cash at end of year	\$ 3,995,647	\$ 3,260,596
Non-cash transactions:		
Dividends paid by way of issuance of redeemable shares	\$ 16,649,958	\$ 18,383,908

See accompanying notes to financial statements.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 1. Nature of operations:

Fisgard Capital Corporation ("the Corporation") makes investments and intends to operate its business in such a manner as to continue to qualify as a mortgage investment corporation ("MIC") under the provisions of the *Income Tax Act* (Canada).

The Corporation's principal office is located at 3378 Douglas Street, Victoria, BC V8Z 3L3.

The Corporation was originally incorporated under Canadian federal jurisdiction on April 11, 1994. It is now registered extra-provincially in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario under the various provincial Corporation Acts. Extra-provincial registration in Northwest Territories was cancelled on September 13, 2012. The Corporation may also register extra-provincially in the future to conduct business in other Canadian jurisdictions, as may be approved by the Board of Directors.

On October 17, 2025, Neighbourhood Holdings Capital Management Ltd. ("NHCM") and Neighbourhood Holding Company Ltd. ("NHCL") acquired substantially all the assets, liabilities and Management Services Agreement with the Corporation from Fisgard Asset Management Corporation ("FAMC") under substantially the same terms. Subsequent to the acquisition, NHCM was renamed Fisgard Capital Management Ltd. ("FCM") and performs Exempt Market Dealer responsibilities while NHCL performs responsibilities of the Manager of the Corporation.

## 2. Basis of presentation:

### (a) Statement of compliance:

These financial statements have been prepared in accordance with IFRS Accounting Standards.

These financial statements for the year ended December 31, 2025 were approved and authorised for issue by the Board of Directors on March 31, 2026.

### (b) Basis of measurement:

The financial statements are prepared on the historical cost basis.

### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 2. Basis of presentation (continued):

### (d) Use of estimates and judgements:

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Significant judgements made by the Corporation include the classification of redeemable preferred shares between equity and liability (note 7).

The most significant estimate that the Corporation is required to make relates to the impairment of the mortgage investments (note 5). This estimate may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns, and the uncertainty of predictions concerning future events. Liquid credit markets and volatile equity markets have combined to increase the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

The allowance for credit losses reflect the Corporation's best estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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### 3. Material accounting policies:

The Corporation has consistently applied the following accounting policies to all periods presented in these financial statements:

(a) Cash:

The Corporation's policy is to disclose bank balances under cash. A bank overdraft is disclosed separately as a current liability.

(b) Impairment of mortgage loans receivable:

The Corporation recognizes loss allowances for expected credit losses ("ECL") on its mortgage loans receivable. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Corporation measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL: mortgage loans that are determined to have low credit risk at the reporting date (i.e. loans meeting payment requirements), and mortgage loans for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition (Stage 1).

When determining whether the credit risk of a mortgage loan has increased significantly since initial recognition and when estimating ECL (Stage 2), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and including forward-looking information.

Qualitative information includes changes in daily activities of the borrower such as missed payments, stopped payments, default on the first mortgage when the Corporation is in the second position, or significant decline in the value of the property. The Corporation assumes that the credit risk on a mortgage loan has increased significantly if it is more than 60 days past due.

The Corporation considers a mortgage loan to be in default and impaired (Stage 3) when:

- the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security; or
- the financial asset is more than 90 days past due.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a mortgage loan receivable.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

#### (b) Impairment of mortgage loans receivable (continued):

12-month ECL are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Corporation is exposed to credit risk.

#### *Measurement of ECL:*

ECLs are a probability-weighted estimate of credit losses.

ECLs are a function of the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in ECL models.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive). ECL are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets:*

At each reporting date, the Corporation assesses whether mortgage loans receivable are credit-impaired. A mortgage loan is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a mortgage loan is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Corporation on terms that the Corporation would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

(b) Impairment of mortgage loans receivable (continued):

*Presentation of allowance for ECL in the statement of financial position:*

Loss allowances for mortgage loans receivable are deducted from the gross carrying amount of the loan.

Write-off:

The gross carrying amount of a mortgage loan receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, mortgage loans receivable that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

(c) Revenue recognition:

Interest income on mortgage loans is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the loan (when the loan is not credit-impaired). However, for loans that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the loan, reduced by impairment losses. If the loan is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Income taxes:

The Corporation is a MIC pursuant to the *Income Tax Act* (Canada). As such, the Corporation is entitled to deduct, from its taxable income, dividends paid to shareholders during the year or within 90 days of the end of the year. The Corporation intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Corporation is not subject to income taxes except for timing differences.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 3. Material accounting policies (continued):

### (e) Financial assets:

#### (i) Recognition and initial measurement:

At initial recognition, the Corporation measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

#### (ii) Classification and subsequent measurement:

A financial asset is measured at amortized cost if it meets both of the following conditions, and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Mortgage loans receivable are classified as financial assets at amortized cost which is consistent with the Corporation's business model of holding mortgages until maturity and solely for payments of principal and interest.

Mortgage loans receivable are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairments are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

### (f) Financial liabilities:

The Corporation classifies accounts payable and accruals, and redeemable shares as financial liabilities measured at amortized cost.

### (g) Distributions:

The Corporation distributes all net income to redeemable shareholders quarterly, calculated to the last day of each quarter. All distributions are 100% participating, pro-rated to shareholders of record on the last business day of the quarter.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

(h) Redeemable shares:

The Corporation classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Corporation has four classes of redeemable shares: Class A, Class B, Class D and Class F. The Class A shares have no fixed term and are redeemable after 90 days, Class B shares are redeemable after five years, Class D shares are redeemable after three years, and Class F are redeemable after one year, at least 90 days after issuance and on the first day of a month for Class A shares and from the end of the quarter of the date of issue for the remaining share classes, at a price equal to their original issue amounts plus the amount of dividends declared and unpaid, subject to adjustment in line with the rights, privileges, restrictions, or conditions attached to the shares, and hence are classified as financial liabilities. Dividends are recognized as an expense in profit or loss.

If redeemable preferred shares are redeemed during the stated investment period, a redemption fee and discount will apply unless the redeemable preferred shares are being redeemed for the purpose of investing in a redeemable preferred share with a longer stated investment period.

(i) Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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### 3. Material accounting policies (continued):

- (j) Standards issued not yet effective:

A number of new accounting standards are effective for annual reporting periods beginning after January 1, 2026 and earlier application is permitted. However, the Corporation has not early adopted the following new or amended accounting standards in preparing these financial statements.

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new accounting standard introduces the following key new requirements.

(i) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

(ii) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

(iii) Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

## 4. Bank indebtedness:

The Corporation has a line of credit with Royal Bank of Canada with a maximum limit of \$60,000,000. Under the credit facility, the Corporation may receive an advance of either a prime rate loan or a Canadian Overnight Repo Rate Average ("CORRA") loan. Outstanding balances are payable on demand and interest is charged at prime rate plus 0.60% per annum or CORRA plus 2% per annum. The line of credit is secured by first security interests in all present and future property, assets and undertaking of the Corporation. The facility is subject to financial covenants based on debt to tangible net worth and interest coverage. The Corporation was in compliance with the externally imposed capital requirements as at year end.

## 5. Mortgage loans receivable:

Total mortgage loans receivable is carried at the unpaid principal amount less unamortized lender and modification fees and provisions for mortgage losses. Mortgage loans receivable consists of the following:

	2025				Total	2024
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			
Mortgage loans receivable	\$ 295,884,655	\$ 9,123,032	\$ 12,013,177	\$ 317,020,864	\$ 297,452,078	
Provisions for mortgage losses	(572,865)	(142,365)	(336,023)	(1,051,253)	(1,264,525)	
Unamortized lender and modification fees	(570,806)	-	-	(570,806)	(695,477)	
Mortgage interest reserve	-	-	-	-	(923)	
	\$ 294,740,984	\$ 8,980,667	\$ 11,677,154	\$ 315,398,805	\$ 295,491,153	

Included in provision for mortgage losses in the statement of comprehensive income are the following:

	2025	2024
Mortgage loans written off	\$ 397,695	\$ 394,729
Recoveries of mortgage loans previously written off	(29,125)	(142,026)
Change in provision for mortgage losses	(213,272)	91,452
	\$ 155,298	\$ 344,155

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

## 5. Mortgage loans receivable (continued):

The following table presents a continuity of the provision for mortgage losses:

	2025				Total	2024
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			
Balance at January 1	\$ 573,362	\$ 8,297	\$ 682,866	\$ 1,264,525	\$ 1,173,075	
Transfer to lifetime ECL – not credit impaired	(136,841)	136,841	-	-	-	
Transfer to lifetime ECL – credit impaired	(149,437)	-	149,437	-	-	
Net remeasurement of loss allowance	261,568	-	(278,958)	(17,390)	293,421	
New mortgage loans receivable originated	277,907	5,524	49,256	332,687	598,750	
Mortgage loans repaid	(253,694)	(8,297)	(266,578)	(528,569)	(800,721)	
Balance at December 31	\$ 572,865	\$ 142,365	\$ 336,023	\$ 1,051,253	\$ 1,264,525	

Mortgage loans receivable typically have an initial term to maturity of one year. As at December 31, 2025, mortgage loans receivable have maturity dates through to November 2027. Mortgage loans receivable of \$34,529,596 (2024 - \$23,409,052) that have a due date of more than one year are classified as a non-current asset.

All mortgages have fixed rates of interest. On December 31, 2025, the weighted average interest rate for the portfolio is 9.31% (2024 - 11.49%).

At December 31, 2025, approximately \$291,880,282 (2024 - \$244,902,543) of the mortgage loans receivable are residential and \$25,140,582 (2024 - \$52,249,536) are non-residential.

## 6. Interest reserve:

The interest reserve pertains to the amount that was held back by the Corporation from the drawdown of certain mortgages. The interest will be used for borrowers' interest payments. Once the interest reserve is fully utilized, the borrower will be responsible to make the monthly interest payments. The Corporation does not pay interest to the borrower on any funds held in an interest reserve account.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

## 7. Redeemable shares:

The Corporation has authorized an unlimited number of Class A, B, D, F, non-voting, participating, redeemable shares. At year-end, the issued and outstanding shares as provided in the statement of financial position are as follows:

	Current		Non-Current	
	2025	2024	2025	2024
Class B preferred shares	\$ 50,129,693	\$ 40,761,030	\$ 220,886,222	\$ 216,864,740
Class D preferred shares	6,415,737	7,379,807	19,411,480	17,570,494
Class F preferred shares	19,038,529	14,410,717	-	-
	<u>\$ 75,583,959</u>	<u>\$ 62,551,554</u>	<u>\$ 240,297,702</u>	<u>\$ 234,435,234</u>

The preferred shares are redeemable at a price equal to their redemption price plus the amount of dividends declared but unpaid, less any redemption fee or discount applicable.

The following redeemable share transactions occurred during the year:

	Number	Amount
January 1, 2024	277,503,228	\$ 277,503,228
Share subscriptions	18,595,134	18,595,134
Reinvested dividends	18,383,908	18,383,908
Shares redeemed	(17,495,482)	(17,495,482)
December 31, 2024	296,986,788	296,986,788
Share subscriptions	18,350,944	18,350,944
Reinvested dividends	16,649,958	16,649,958
Shares redeemed	(16,106,029)	(16,106,029)
December 31, 2025	<u>315,881,661</u>	<u>\$ 315,881,661</u>

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

## 8. Share capital:

	2025	2024
Authorized:		
Unlimited common shares, voting, participating, with no par value		
Issued:		
480 common shares	\$ 480	\$ 480

## 9. Other revenue:

	2025	2024
Mortgage lender fees	\$ 1,478,418	\$ 1,368,334
Mortgage modification fees	248,584	180,107
Administrative fees	136,990	69,932
Finance income	100,263	-
Redemption fees	57,250	96,108
Mortgage discharge fee	57,105	62,375
Pre-payment penalty fee	3,971	144,226
Other	9,065	-
	\$ 2,091,646	\$ 1,921,082

## 10. Related party disclosures:

### (a) Entities with significant influence:

Directors, officers, and related family members who have investments in the Corporation received dividends on redeemable shares of \$280,608 (2024 - \$217,256).

The Corporation paid for certain management and administrative services provided by FAMC up to October 17, 2025 and NHCL after October 17, 2025, entities controlled by Directors with significant influence over the Corporation, for an annual fee of 2% of the sum of outstanding shares and borrowings.

During the year, the Corporation paid management fees of \$5,144,294 (2024 - \$6,163,300) to FAMC and \$1,359,763 (2024 - nil) to NHCL.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

## 10. Related party disclosures (continued):

### (a) Entities with significant influence (continued):

From time to time, at the discretion of management and in accordance with the Corporation's Offering Memorandum, the Corporation may pay referral fees to the manager for raising investment capital in the form of shares and/or borrowings. The Corporation paid referral fees of \$2,372,538 (2024 - \$2,674,361) to FAMC and \$510,282 (2024 - nil) to FCM.

In the prior year, FAMC invested \$3,000,000 in Class B, D and F preferred shares of the Corporation. In the current year, the investment earned dividend income of \$104,673 (2024 - \$212,406) and was transferred to Strandlund Investments Ltd. ("SIL") in June 2025. FCC and SIL are related through common key management personnel.

### (b) Other related party transactions:

Employees of FAMC who also have investments in the Corporation received dividends on redeemable shares of \$114,097 (2024 - \$149,537).

The amounts due to related parties at year end are non-interest bearing, unsecured and have no specific terms of repayment.

	2025	2024
Fisgard Asset Management Corporation	\$ 2,094,760	\$ -
Fisgard Capital Management Ltd.	510,282	-
	\$ 2,605,042	\$ -

## 11. Financial risks - fair value:

IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy, for financial instruments measured at fair value, that reflects the significance of inputs in making fair value measurement as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3 - inputs for the asset or liability that are not based upon observable market data

The recorded amounts for cash and accounts payable and accruals approximate their fair value due to their short-term natures. The fair value of cash under the fair value hierarchy is determined using Level 1 inputs.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 11. Financial risks - fair value (continued):

The fair value of mortgage loans receivable is not readily determinable due to the lack of an active and liquid market for such instruments. Mortgage loans receivable bear interest at market rates when funded, are mostly due within one to two years, are secured by appropriate collateral, and hence it is believed that the carrying value of mortgage loans receivable approximate their fair value. The fair value of mortgage loans receivable under the fair value hierarchy is determined using Level 3 inputs.

The fair value of redeemable shares is also not readily determinable. The carrying value of redeemable shares is the amount of cash that would be required to discharge the redeemable shares on an immediate basis, which is believed to approximate fair value. The fair value of redeemable shares under the fair value hierarchy is determined using Level 2 inputs.

Fair values are not necessarily representative of the amounts realizable in immediate settlement of the financial instruments. Fair values are also not necessary measurements for financial instruments carried at amortized cost.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year ended December 31, 2025.

## 12. Financial risk management objectives and policies:

The Corporation's financial instruments include cash, mortgage loans receivables, accounts payable and accruals and redeemable shares. The risk associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

### (a) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's earnings are subject to fluctuations in interest rates and the degree of volatility of these rates. The Corporation's interest rate risk exposure arises due to its line of credit at the bank's prime rate plus 0.60% or CORRA plus 2% (2024 - prime rate plus 0.80%). Mortgage loans receivable bear either a fixed or variable rate of interest until renewal or maturity.

The Corporation manages its cash and mortgage loans receivable balances based on its cash flow needs to optimize its interest income and reduce its interest expense. Interest rate risk is managed by regularly monitoring market interest rate trends and benchmark forecasts, maintaining a balanced portfolio of variable and fixed-rate assets to provide a natural internal hedge and reviewing the impact of rate changes on the Company's overall liquidity and debt-servicing capacity. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 12. Financial risk management objectives and policies (continued):

### (b) Credit risk:

Credit risk is the risk that the Corporation will incur a loss because a third party fails to meet an obligation. The Corporation's maximum exposure to credit risk is equal to the carrying value of its cash and mortgage loans receivable.

The Corporation's cash is held with reputable financial institutions.

Credit risk associated with mortgage loans receivable is reduced by ensuring that the collateral value of the security adequately protects the advances, that there is a viable exit strategy for each investment, that the mortgages are made to experienced borrowers and by limiting amounts advanced in relation to the value of the property secured. The Corporation evaluates the borrower's credit worthiness and ability to repay the mortgage when it is originally granted or subsequently renewed; and regularly monitors borrower information such as delinquent and overdue accounts. As of December 31, 2025, the estimated value of collateral exceeds the value of loans outstanding.

The Corporation incorporates forward looking information such as interest rates, economic growth, unemployment, and property value forecasts in evaluating credit risk. When loans are evaluated, critical risk factors of loan to value, property type, location, position and dollar amount are applied to each individual loan. Estimation techniques have been applied consistently year over year.

The Corporation avoids unreasonable concentration of mortgage funds in a particular borrower or group of related borrowers, concentration in a particular locale or community and concentration in a particular type of real estate product (e.g. commercial, industrial, raw land development, construction, fee simple vs. strata property) with the obvious exception of residential real estate which type is a statutory requirement of the *Income Tax Act* (Canada).

The real estate industry can sometimes be subject to cyclical fluctuations affecting the borrower's ability to repay the mortgage.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 12. Financial risk management objectives and policies (continued):

### (c) Liquidity risk:

Liquidity risk arises as a result of changes in conditions which cause the Corporation to encounter difficulties in meeting financial obligations associated with financial liabilities. The Corporation's objective in managing liquidity risk is to maintain sufficient cash balances and line of credit availability in order to meet its operational requirements at any point in time.

Management controls liquidity risk through cash flow projections used to forecast funding requirements for mortgage investments and anticipated redemption of preferred shares. The Corporation also can manage liquidity risk through control of preferred share redemptions and the payment of dividends on shares.

Accounts payable and accruals are due and payable within one year. The redeemable shares mature at various future dates and management has approximately matched the maturity of mortgage loans receivable to provide reasonable assurance that liquidity will be available as redeemable shares mature.

### (d) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is not exposed to foreign currency risk as all its financial instruments are denominated in Canadian dollars.

## 13. Capital risk management:

The Corporation defines capital as being the funds raised through the issuance of Class A, B, D and F redeemable shares for the purpose of investing in mortgages secured by real estate property and non-mortgage investments located in Canada. There is no market through which the redeemable shares may be sold and the Corporation does not expect that any market will develop in the future. Accordingly, an investment in redeemable shares should only be considered by investors who do not require liquidity. The redeemable shares are redeemable at the request of the investor upon appropriate advance notice to the Corporation. The different redeemable shares have different stated "investment periods" varying from ninety days to five years. However, these periods do not represent automatic redemption dates, but rather are descriptive terms corresponding to dividend rates which attach to a particular redeemable share.

# FISGARD CAPITAL CORPORATION

Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Year ended December 31, 2025

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## 13. Capital risk management (continued):

The Corporation gives no assurance that investors will be able to redeem any or all their shares at any time. Redemption of the redeemable shares is subject to the Corporation having access to sufficient cash or other liquid assets and being in compliance with applicable corporate and securities legislation, all as determined solely by the Corporation. Redemption of the redeemable shares are also subject to the discretion of the Directors to act in the best interests of the Corporation under the *Income Tax Act* (Canada).

The Corporation manages the capital/equity structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Corporation may issue new shares or repay bank indebtedness and loans payable (if any).

The Corporation's investment guidelines, which can be varied at the discretion of the Board of Directors, incorporate various guideline restrictions and investment operating policies in mortgage and non-mortgage investments. The Corporation will have the majority of the mortgage portfolio (greater than 50%) in residential mortgages and will not invest more than 75% loan to value (LTV) except under certain circumstances for renewals, work out agreements or in special circumstances that are approved by management.

The Corporation is subject to externally imposed capital requirements as required under the provisions of the *Income Tax Act* (Canada) in order to qualify as a mortgage investment corporation. The Corporation was in compliance with these capital requirements throughout the year. There has been no change with respect to the overall capital management strategy during the year ended December 31, 2025.

The Corporation is also required to comply with externally imposed loan covenants (note 4).

## 14. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

The Corporation reclassified the following in the statement of comprehensive income:

- (i) prior year income tax expense was reclassified from general and administrative expenses to income taxes.
- (ii) prior year mortgage security valuation and advertising and promotion expense were reclassified to general and administrative expenses.
- (iii) prior year security filing fees and directors honorarium were reclassified from general and administrative expenses to professional fees.

The reclassifications had no impact on the profit (loss) and comprehensive income (loss) for the year ended December 31, 2024.

***ITEM 14: CERTIFICATE OF THE ISSUER***

Dated the 30<sup>th</sup> day of April, 2026

**This Offering Memorandum does not contain a misrepresentation.**

**Fisgard Capital Corporation**

*(signed) Rafer Strandlund*

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Rafer Strandlund  
Chief Executive Officer

*(signed) Taylor Little*

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Taylor Little  
Chairman of the Board and Director

*(signed) Roberta Dawn Paniz*

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Roberta Dawn Paniz  
President and Director