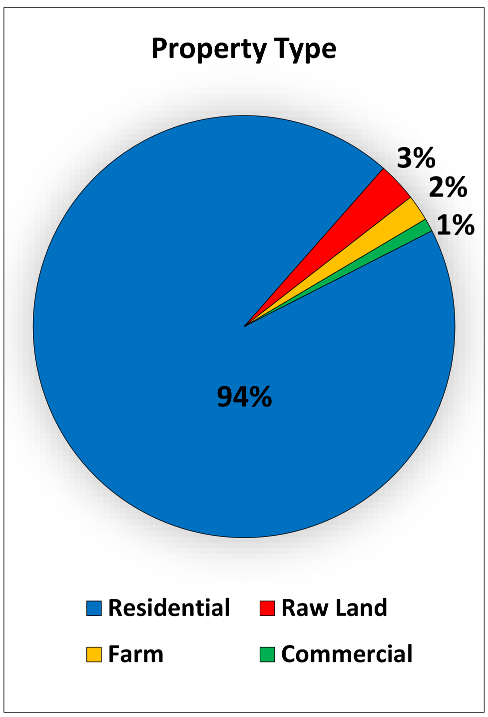
PREMIERE CANADIAN MORTGAGE CORP.

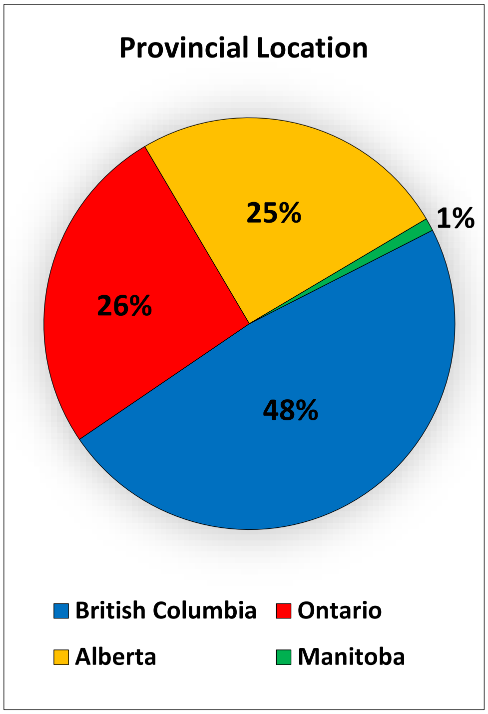
PORTFOLIO ANALYSIS REPORT – POST AMALGAMATION

One of the primary components of our proposal to amalgamate Premiere Canadian Mortgage Corp. and Classic Mortgage Corporation (effective September 1, 2024) was the high degree of similarity between both portfolios and business practices, which mirrored each other in most respects. To illustrate this, and as part of the proposal to shareholders, a comprehensive report detailing these similarities was provided to shareholders of both companies for their review and consideration. This reporting compared all relevant components of each portfolio individually, and as an amalgamated entity, clearly illustrating the parity between the two mortgage portfolios (as of May 31, 2024).

Now that the amalgamation has taken effect, the following reporting will provide an updated analysis of our consolidated mortgage investment portfolio as of September 30, 2024. This effective date (rather than September 1, 2024) provides for more complete results/statistics and reflects the additional timing that was required to fully merge the two portfolios on our administration software platform post-amalgamation.



- The consolidated portfolio is almost entirely comprised of typical residential properties, most of which are owner occupied.
- **Residential** - $129 million – 520 accounts
- **Raw Land** - $4.3 million – 17 accounts
- **Farm** - $2.5 million – 10 accounts
- **Commercial** - $759,000 – 5 accounts
- **Construction & Development** – no accounts



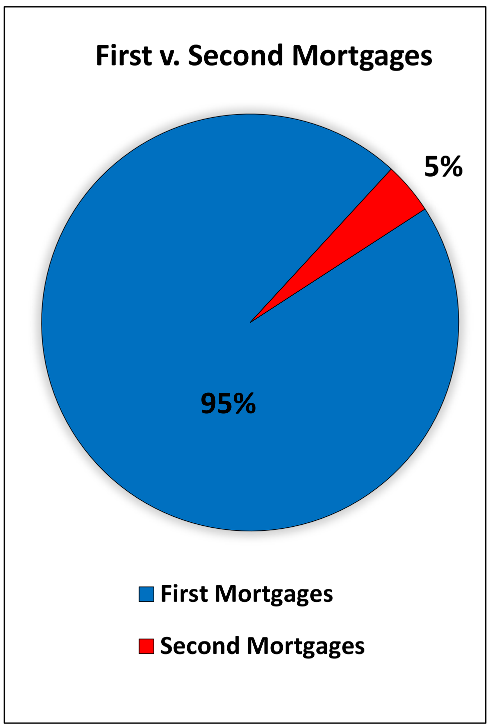
- As Classic's mortgage investments were in British Columbia and Alberta only, our portfolio has shifted geographically with the amalgamation. The bulk of our investments are now in British Columbia, with the balance split between Ontario and Alberta. We anticipate this will be the case for the foreseeable future, although we will be working to increase our presence in Ontario as a percentage of our total portfolio over time.

- British Columbia - \$64.8 million – 254 accounts

- Ontario - \$35.7 million – 133 accounts

- Alberta - \$34.7 million – 157 accounts

- Manitoba - \$1.3 million – 8 accounts. As we no longer lend in Manitoba, we anticipate these remaining mortgages will be paid out through normal attrition over the next year or so.



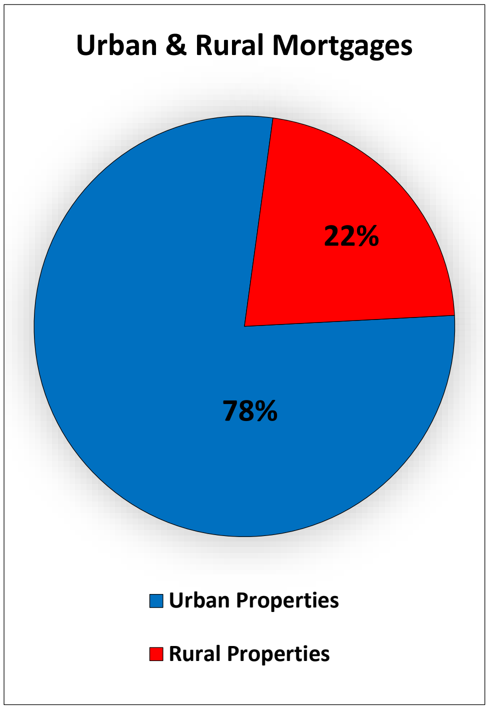
- **1st Mortgages** - \$129.5 million – 495 accounts

- **2nd Mortgages** - \$7.0 million – 57 accounts

- 1st mortgage investments continue to be our preferred lending product. 1st mortgages provide for better security as there are no priority charges (as is the case with 2nd mortgages) which could erode equity and increase the potential for loss in the event of a foreclosure or power of sale action.

- We continue to pursue 2nd mortgage applications in all markets, although our loan to value guidelines are sometimes reduced to address the added risk associated with these investments (usually by 5% or more as compared to 1st mortgages).

- 2nd mortgages will generally yield 2 – 3% higher than 1st mortgages to compensate for the additional risk associated with these investments.

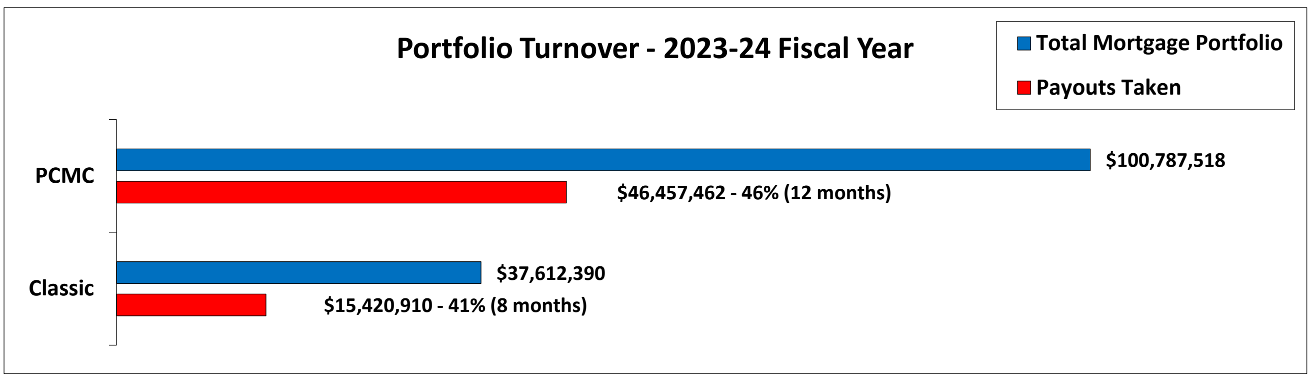


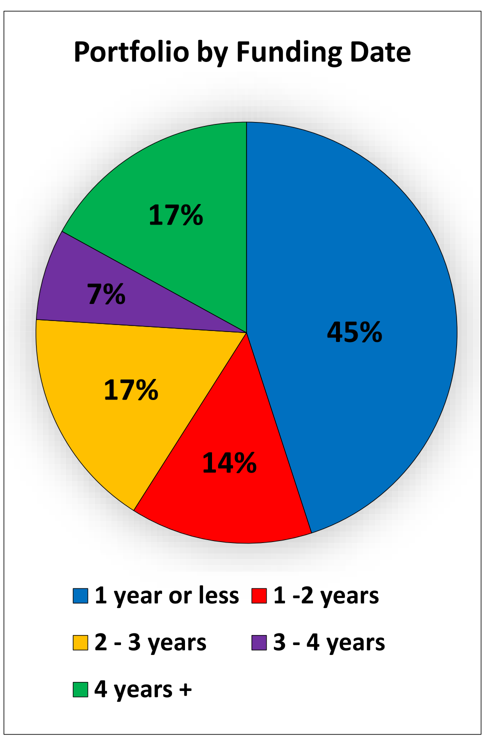
- **<u>Urban Properties</u>** - $106.5 million – 400 accounts. Urban properties are those located in or within commuting distance to larger urban centres (min. 10,000 population).

- **<u>Rural Properties</u>** - $30 million – 152 accounts. Rural properties are those located in smaller communities and/or rural locations, including acreages and farms.

- In Ontario, our classification of urban real estate is more expansive in comparison to British Columbia and Alberta. This is due to the province's significantly higher population density and longer commutes to urban centres being the accepted norm.

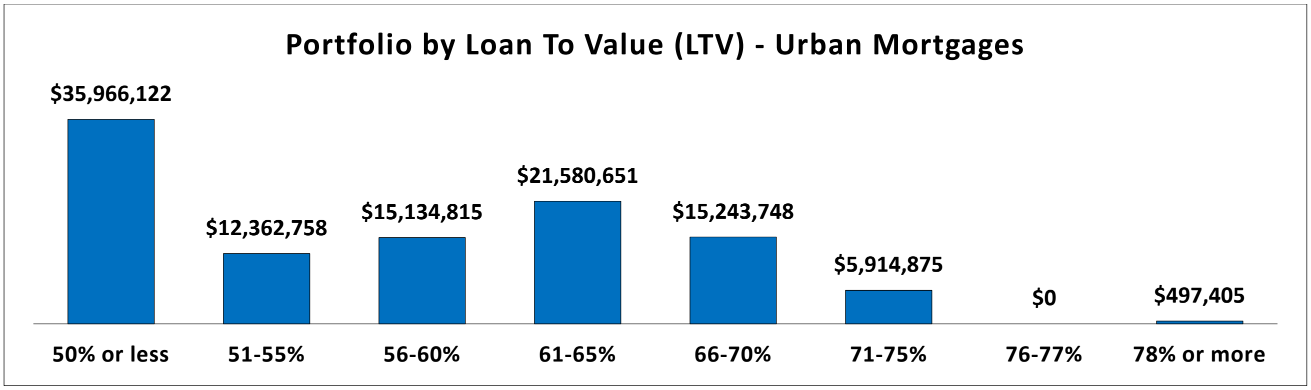
- We will look to maintain an approximate 80/20 split between urban and small town/rural properties in our portfolio going forward.

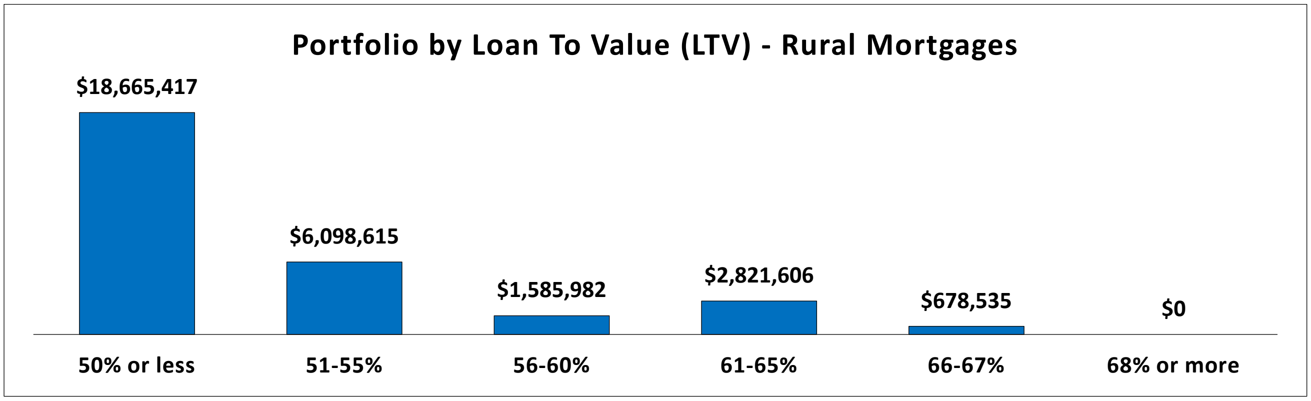




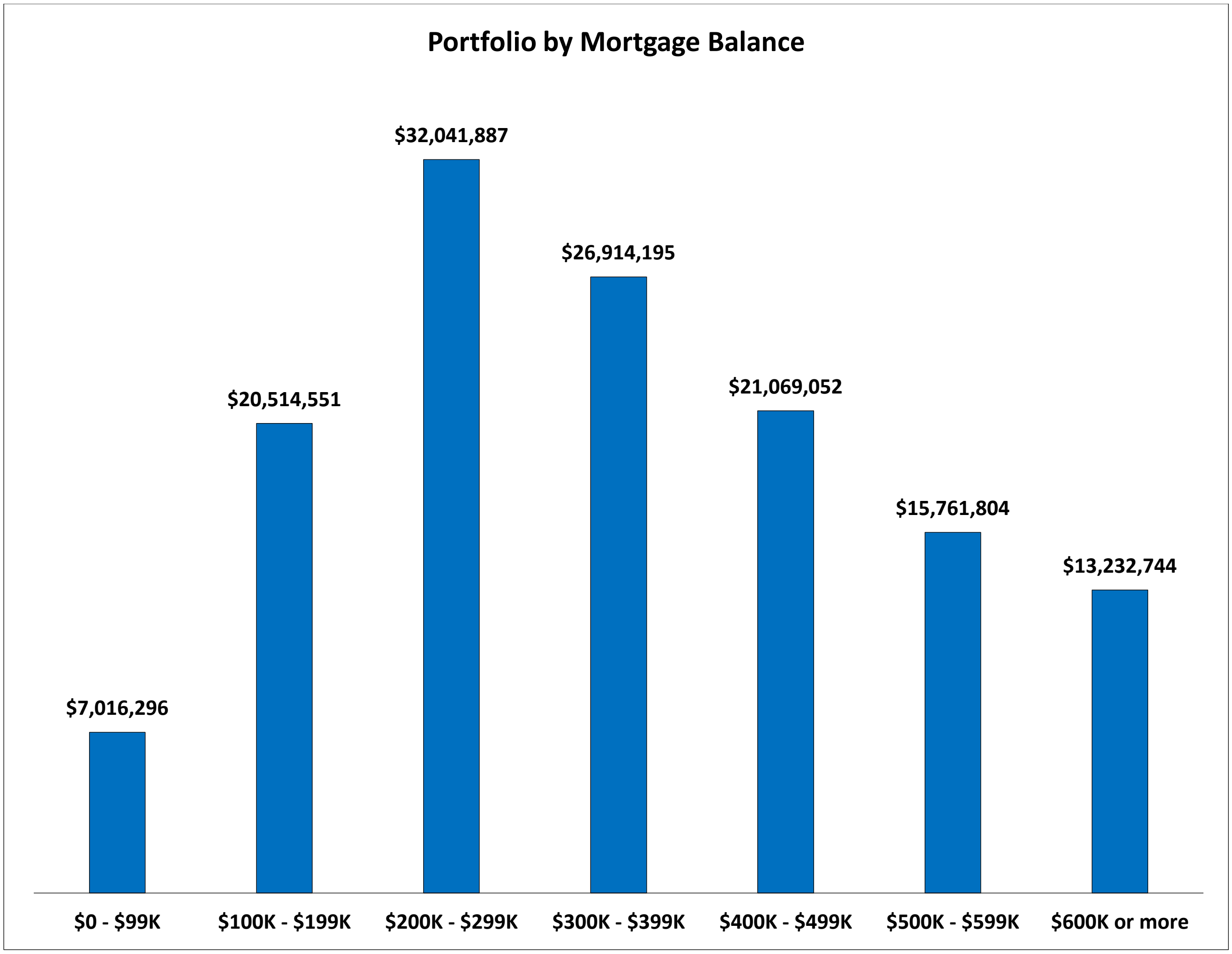
- **As noted above, turnover in both portfolios was active, with Premiere Canadian reporting 46% of their portfolio paying out this last full fiscal year, and Classic reporting 41% of their portfolio paying out over their shortened fiscal year. Historically, over the past five fiscal years, both portfolios have averaged roughly 50% in combined annual turnover.** Although greater turnover does present challenges with overall portfolio growth, it does reflect the higher quality of our mortgage investments as more of our borrowers are able to move to conventional financing (and/or sell their properties) in a reasonably short timeframe.

- **At present, 45% of total mortgage investments (in dollars) were funded within the past year, with approximately 76% of our portfolio funded within the last three years.**





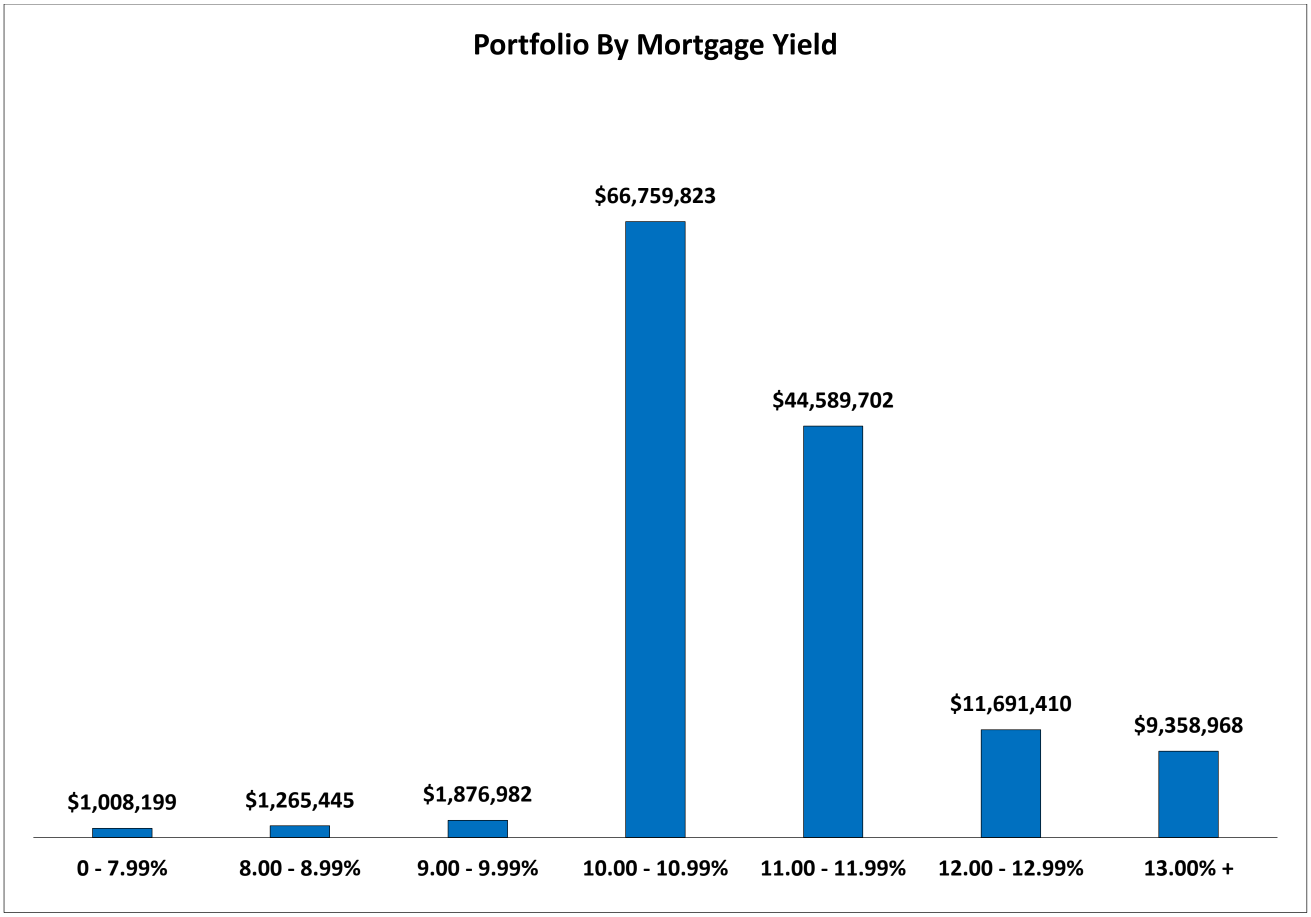
- Based on our last property appraisals and/or valuations, our portfolio breaks down as follows:
  - **Urban Mortgages** - 94% of capital is invested at 70% LTV or less (80% at 65% LTV or less).
  - **Rural Mortgages** - 88% of capital is invested at 60% LTV or less (83% at 55% LTV or less).
- Both portfolios have maintained a conservative approach to new mortgage underwriting, with most lending falling into the lower LTV categories as noted above. While we anticipate this will continue to be the norm, we actively consider risk appropriate investments up to our maximum LTV ratios of 75% for urban residential properties, and up to 65% LTV on small town and rural residential properties. In most cases, mortgages approved to these maximum LTV ratios will be purchase financing and/or better-quality refinance transactions.
- The small number of mortgages where the present LTV ratios exceeds our usual maximums of 75% on urban real estate and 65% on small town/rural properties fall into one of two categories:
  - The first relates to foreclosure mortgages where property valuations have been updated on a "forced sale" basis, which usually results in a lower market value and a higher LTV ratio. As of September 30, 2024, four foreclosure accounts totalling roughly $1.2 million (2 – urban, 2 – rural) fell into this category.
  - The second relates to mortgage renewals and both Premiere Canadian and Classic's on-going practice of capitalizing applicable renewal fees at maturity, rather than requiring the borrower to pay these costs up front (in cash). Once renewal fees are capitalized, if the revised LTV ratios exceed our usual maximums of 75% (urban) and 65% (rural) by more than 2%, these mortgages are reviewed to determine if a revised renewal decision and/or an updated property valuation is appropriate. At year-end, none of our mortgage investments (excluding foreclosures) exceeded our LTV maximums as noted above.



- At present, our average mortgage balance is just under $247,400, up modestly from Premiere Canadian's average of $231,500, and Classic's average of $240,500 in 2023.

- Overall, 83% of our mortgages (457 accounts) were written for $400,000 or less, with 69% of our mortgages (380 accounts) written for $300,000 or less. Of our 552 accounts, we have only 95 mortgages (17% of total accounts) with a current balance more than $400,000, including 48 accounts over $500,000. Our largest mortgage is just under $1.1 million. These larger mortgages are all 1st mortgage investments, mostly in urban locations, with a conservative average LTV of 56%. These current results are consistent with past annual results for both Premiere Canadian and Classic's individual mortgage portfolios.

- As detailed above, our consolidated portfolio continues to be comprised of mostly smaller mortgage investments relative to the size of our total portfolio. We believe this approach will provide for a more diversified investment and reduces the risk of any disproportionately larger mortgages going into default, which could have a more detrimental impact on profitability and security of funds.



- As noted above, our overall yield profile has shifted upwards to reflect increased interest rate trends over the past couple of years, with only a few accounts (17) in our consolidated portfolio generating a yield below 10.0%. Excluding a few exceptions (i.e. foreclosures), the balance of these accounts will be repriced as appropriate at maturity.

- **As of September 30, 2024, our total portfolio was generating an overall yield of 11.18%, with our urban portfolio at 11.07% and our rural portfolio generating 11.55%. At present, newly funded urban 1st mortgages are generating yields in the 9.75% - 11.75% range, with rural 1st mortgages yielding slightly higher at 10.75% - 12.50%. Yields on 2nd mortgages are usually 2 - 3% higher than 1st mortgages.** However, with interest rates now starting to decline at a more pronounced pace, there will be some downward pressure on market yields for private mortgage investments as the year progresses. This is already evident as some of our primary competitors have reduced their pricing to increase market share and address increased portfolio turnover over the past few months. Expanded commentary on yield and interest rate trends will be provided in the Annual Report.

- Actual pricing continues to be based on the required LTV ratio, property type, location, purpose of funds, as well as competitive influences. These factors are considered with each mortgage investment to ensure Premiere Canadian is best positioned within the current marketplace, while maintaining our established criteria relative to pricing, risk, and security of funds. A more in-depth analysis of overall business and market conditions will be provided in our Annual Report.

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