TERRA FIRMA

TERRA FIRMA CAPITAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

DECEMBER 31, 2021

APRIL 12, 2022

BASIS OF PRESENTATION

The following presents Management's Discussion and Analysis ("MD&A") dated April 13, 2022 provides the consolidated financial performance, financial condition, and cash flows of Terra Firma Capital Corporation and its subsidiaries collectively. Unless the context requires, all references in this MD&A to the "Company" refer to Terra Firma Capital Corporation and its subsidiaries.

This MD&A is structured to provide information that management believes is relevant for assessing and understanding its business, risks, opportunities, and performance measures. It should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2021, and 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the Company's Annual Information Form (the "AIF") or the year, ended December 31, 2021. These documents are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at WWW.SEDAR.COM.

This MD&A also uses non-IFRS financial measures. Refer to the section of this report entitled "Non-IFRS Financial Measures" for a description of these measures.

All dollar amounts, except for amounts presented in Canadian dollars specifically identified as "C$," are reported in United States dollars ($ or "US$"), which is also the Company's functional currency.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws ("forward-looking statements"). Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company's financial performance, financial condition, and cash flows as at and for the period and years ended on certain dates and to present information about management's current expectations, plans, estimates, projections, beliefs and opinions relating to the future. Readers are cautioned that the assumptions related to these plans, estimates, projections, beliefs, and opinions may change, and such statements may not be appropriate for other purposes. Forward-looking statements in this document include, but are not limited to, statements with respect to market opportunities for the identification and funding of loans, the provision to the Company of a consistent flow of quality investment opportunities, future returns on investments by the Company, the Company's intention to provide additional funds for its land banking financing activity and other real estate financings, and the timing thereof, expected increase in loan and investment originations in 2022, significant growth both in Total Investments (as defined below) and net income in 2022 and beyond, the Company's expectation to, going forward, conduct most of its syndication activity through Funds (as defined herein) as well as other statements under the headings "Recent Developments and Future Outlook", and may relate to future results, performance, achievements, events, prospects or opportunities for the Company or the real estate industry and may include statements regarding the financial position, business strategy, financial results, real estate values, interest rates, loan to cost, plans and objectives of or involving the Company. In some cases, forward-looking statements can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals, and priorities will not be achieved. A variety of factors, many of which are beyond the Company's control, affect the lending operations, performance, and results of the Company and its business and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, the risks discussed in the Company's materials filed with Canadian securities regulatory authorities from time to time under the Company's profile at www.sedar.com, including the risks discussed herein at "Risks and Uncertainties" and risks discussed in the Company's AIF.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions, and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the ability of the Company to adapt to any changes in government regulation and/or economic conditions; the continued availability of equity and debt financing; and the risks referenced above, collectively, will not have a material impact on the Company. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect. This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Some of these and other factors are discussed in more detail in the Company's AIF.

The forward-looking statements contained in this MD&A represent the Company's views only as of the date hereof. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. While subsequent events and developments may cause the Company's views to change, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events, except to the extent required by applicable Canadian securities laws.

BUSINESS OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) on July 26, 2007. The common shares of the Company ("Shares") trade on the TSX Venture Exchange (the "TSX-V") under the symbol TII. The registered office of the Company is 22 St. Clair Avenue East, Suite 200, Toronto, Ontario M4T 2S5.

The Company's principal business is to provide real estate financings secured by investment properties and real estate developments throughout the United States and Canada. These financings are made to real estate developers and owners who require shorter-term loans to bridge a transitional period of one to five years, where they require capital at various stages of development or redevelopment of a property. These loans are typically repaid with lower-cost, longer-term debt obtained from other financial institutions once the applicable transitional period is over or the redevelopment is complete or from proceeds generated from the sale of the real estate assets.

The types of real estate assets for which the Company arranges financings include land for residential and commercial development and construction projects, residential buildings and, mixed-use properties.

These loan and mortgage financings generally take the form of:

(i) Land loans registered in a first position or second position at the earlier stages of real property development which is either subsequently subordinated to construction financing or discharged upon the funding of construction financing as the project progresses through the development cycle,

(ii) Term mortgages for the purposes of acquiring or re-financing income-producing properties, or

(iii) Mezzanine / subordinated debt financings of real property developments that have either progressed to the construction phase or are in the process of approaching the construction phase.

These financings generally represent a loan to cost and loan-to-value ratio ("LTV", a non-IFRS financial measure) of 75%, including all prior encumbrances at the time of underwriting of each loan. In some cases, the loan-to-value ratio could increase to 80%.

The Company also provides land bank financing to regional and national home builders in high-growth areas of the U.S. Under these arrangements, the Company acquires entitled residential land or lots on behalf of a homebuilder and simultaneously enters into an option agreement wherein the homebuilder obtains an option to purchase the lots from the Company. Such an option is generally secured by a non-refundable deposit of up to 20% of the total land and development costs. In addition to the option agreement, the land bank structure generally involves a construction agreement, whereby the Company finances the homebuilder's development costs to facilitate the subdivision improvements. Over time, the homebuilder purchases the lots or land at a specified price until the investment is fully repaid. These investments in the land banking arrangements through the purchase of lands are accounted for by the Company as a finance lease.

In addition, the Company participates in the development of real estate in Canada and in the United States by providing equity-type financing to developers. These financings provide a minimum return and/or a share of remaining net cash flow from projects and may be undertaken as a strategic partnership with established developers to pursue the development of real properties ("Joint Arrangements" or "Joint Operations") or equity investment by the Company in an entity that carries on the business of real estate development ("Portfolio Investments" or "Investments in Associates"). The Company generally provides these financings in the form of equity in the entity that holds the real estate asset. When making an equity investment, the Company prefers to invest in the form of preferred equity, which ranks ahead of the developers' or owners' common equity in the project or the entity that carries on the business of real estate development, thereby providing the Company with capital protection through subordination.

The loan and mortgage financings generally have an 18 to 36-month term with the right to repay during the term, usually only after a minimum "lock-up" of approximately six months. In some cases, the loan and mortgage financings may be structured with an option for the Company to convert its investment into a participation in the equity of the project once many of the development risks have been mitigated through contracted presales, contracted construction costs, and in-place construction financing.

The Company syndicates certain of its loan and mortgage investments and finance the investment in finance leases to third-party investors; each is participating in a prescribed manner and governed by loan servicing agreements. The syndications are administered by Terra Firma MA Ltd, a wholly-owned subsidiary of the Company which currently holds a license under the *Mortgage Brokerages, Lenders and Administrators Act, 2006 (Ontario)* (the "MBLAA"), which permits it to carry on mortgage brokerage and administrative activities. In these investments, the syndicate investors assume the same risks associated with the specific investment transaction as the Company. Each syndicated loan and mortgage investment have a designated rate of return that the syndicated investors expect to earn from that loan and mortgage investment. The interest income earned and related interest expense relating to the syndicate investors are recognized in the statements of income and comprehensive income. See "Capital Structure and Debt Profile – Loan and Mortgage Syndications."

Recently, the Company has enhanced its syndication activity and has created investment funds for multiple investments instead of raising syndicated capital on a deal-by-deal basis ("Funds"). The Funds provide the Company access to larger and more reliable sources of capital with the ability to reinvest capital raised from investors instead of having to return it and raise again. The Funds model also enables the Company to respond quicker to market opportunities and to commit to larger transactions. Going forward, the Company expects to conduct most of its syndication activity through Funds. See "Capital Structure and Debt Profile – Loan and Mortgage Syndications."

PRIMARY OBJECTIVE AND STRATEGY

The primary objective of the Company is to build shareholder value over the long-term through sustainable and profitable growth, supported by a robust financial foundation while paying dividends to shareholders (from time to time as the board of directors (the "Board") considers appropriate).

To guide its activities in pursuit of this objective, the Company works toward specific long-term financial goals and consistently employs the following broad strategies:

EXPAND MARKETS:

The Company targets higher job and population growth markets that offer significant long-term potential for profitable expansion while striving to achieve or maintain leading positions in current markets. Incremental revenues are attained from repeat business from existing borrowers, funding to new borrowers and geographic expansion.

Management believes that there is a significant market opportunity in the U.S. resulting from financing needs not being met by traditional institutional lenders. Through management's relationships with U.S. mortgage lenders, brokers, local sponsors, and other market participants, the Company is able to identify real estate opportunities where it can provide financing solutions to borrowers while achieving equity-like returns at reduced risk levels as compared to straight equity ownership.

The Company currently has identified the following target markets for expansion: Atlanta, Charlotte, Tampa, Orlando, Jacksonville, Austin, Houston, Dallas, Phoenix, and Toronto.

STRUCTURE FINANCINGS TO MEET THE NEEDS OF BORROWERS:

The Company thrives on developing closer relationships with its borrowers and developers and differentiates the Company's product and service offering.

The Company differentiates itself by serving niche markets with an experienced financing team that can provide flexible terms and creative structuring. Management believes its experience with real estate investments and its industry contacts provides the Company with a consistent flow of quality investment opportunities.

BROADEN THE TYPES OF FINANCINGS:

Investment in real estate may be made by way of a variety of tranches with highly differentiated risk/return characteristics based on their position in the capital structure and subordination levels. The Company strives to achieve equity-like returns on the loans and mortgages advanced by the Company on and secured by real estate (the "Loan Portfolio") while bearing lower risk than equity investments by structuring its financings primarily in debt or priority structures.

The Company also expands its customer base by carefully extending residential real estate financings transactions within the targeted product types, such as land banking, acquisition and development loans, and selected equity financings.

MAINTAIN A STRONG FINANCIAL POSITION:

A strong, well-capitalized balance sheet creates stability and financial flexibility and has contributed to the Company's long-term track record of profitable growth. It is also fundamental to the Company's future success.

RECENT DEVELOPMENTS AND FUTURE OUTLOOK

The Company had a successful year coming off its deliberate pause on originations in the prior year due to the COVID-19 pandemic. In 2021, the Company continued to benefit from the strength of the U.S. market with new investment transactions as well as the accelerated repayments on various existing investments. The Company had a record year for originations with approximately $145,000,000 of new transactions which included investments in finances leases which more than doubled in 2021. Additionally, the Company successfully launched and closed on two Funds. The Funds will provide senior-ranking residential lot banking and land acquisition and development loans to large U.S. homebuilders and developers in major high growth U.S. markets. The Funds are targeting high yields to investors in the range of 10% to 12% per annum.

In January 2021, the Company launched its first fund dedicated exclusively to land banking activity in the U.S. ("Fund I" or "Debt Fund I"). The $32,500,000 Fund I, of which $29,025,000 was provided by third party investors and $3,475.000 was committed by the Company as is further enhanced by a $10,000,000 revolving line of credit (originally $5,000,000) for a total of $42,500,000 of investment capacity. As at December 31, 2021, the Company had called 62% of the committed capital of Fund I. At December 31, 2021, Fund I was invested in seven projects totaling $52,863,013. Subsequent to the year ended December 31, 2021, the Company called an additional $4,875,000 of capital and added an additional project to Fund I.

Following the success of Fund I, the Company launched a second fund (“Fund II or “Debt Fund II”) for its land banking and first mortgage loan financing. The Company is targeting a fund with $75,000,000 to $100,000,000 of investor capital across multiple closings during the first 12 months following the initial closing. As at December 31, 2021, the Company had called $37,587,000 (including $4,000,000 from the Company). Subsequent to the year ended December 31, 2021, increased its total committed capital of Fund II to $52,712,000. At December 31, 2021, the Company was invested in eight projects representing the seed investments of Fund II totalling $96,444,784. The Company expects that Fund II will have a total of 11 projects totalling approximately $137,846,424. The first closing of Fund II allowed the Company to recapitalize its balance sheet and provide over $20,000,000 of fresh capital for its future investments. Subsequent to the year ended December 31, 2021, Fund II secured a new $12,000,000 credit facility with a U.S. bank, enabling the fund to best manage the in flow and out flow of funds and increasing the expected returns enhanced by modest accretive leverage for Fund II.

The Company expects to continue and develop its fund activity by offering new products and vehicles to its investors. The Funds model brings significant benefits to the Company’s business. First, it provides the Company better access to capital both in terms of the amount of capital and in terms of timing. With larger pools of capital in hand, it provides the Company the opportunity to respond quicker to market opportunities. It also significantly reduces the administrative tasks relative to syndicating capital on a deal-by-deal basis. The Funds model also enables the Company to attract more investors by providing investment opportunities to investors on a programmatic basis with constant and consistent expected returns enhanced by modest accretive leverage from the funds’ credit facilities.

FUTURE OUTLOOK

The following section includes certain forward-looking statements, including in regard to the Company’s objectives and priorities. Please refer to the section titled “Caution Regarding Forward-Looking Statements” on page 1 of this MD&A.

The Company believes that the prevailing market conditions offer a significant market opportunity to identify and fund mortgage and land banking loans due to financing needs not being met by traditional institutional lenders, both in the U.S. and Canada and to expand its presence in the markets it currently serves. However, the Company is prudent in its approach to selecting new investments and pricing.

Yields in Canada's real estate market have compressed over the last several years to levels that are low from a risk-adjusted return perspective and below the cost of capital of the Company. As a result, the Company has adjusted its marketing efforts in Canada to become more reactive to deals that may present themselves for special situations through existing borrowers or existing contacts versus taking a proactive approach to generating a greater pipeline of potential transactions.

In the U.S., there is a lending gap due to the market size and the limited number of financial institutions offering similar products. The Company lends in the certain U.S. markets with high employment and population growth and follows the same prudent lending standards it historically had employed in Canada. The U.S. market represents a logical extension of the Company’s historical lending operations. As such, the Company focuses primarily on providing higher leveraged loans (up to 80% LTV) on development projects and land banking arrangements in the U.S. The Company expects to be able to generate interest rates similar to those reflected in the current portfolio in the near term.

The Company’s fund structure offers the Company the flexibility to originate land banking transactions without having to deal with the sourcing of capital for these investments.

Following the success of Fund I and Fund II, the Company expects to launch additional funds for its land banking financing activity and other real estate financings.

The Company’s ability to achieve its objective is dependent on management’s ability to execute its business strategy as described while also successfully mitigating business risks, as discussed in this MD&A. Further, the Company’s ability to attract larger sources of lower-cost capital will have a significant impact on the growth of its earnings.

While the Company engages in emergency preparedness, including business continuity, to mitigate risks, COVID-19's rapid development and fluidity limits the Company's ability to predict the ultimate adverse impact of the COVID-19 crisis on the Company. As such, there can be no assurance that the COVID-19 crisis will not disrupt the Company's operations and its ability to carry on business. Any of the events mentioned above in isolation or in combination could have a material adverse impact on the Company's performance, financial condition, results of operations and cash flows.

NON-IFRS FINANCIAL MEASURES

The Company prepares and releases audited annual consolidated financial statements and unaudited interim condensed consolidated financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under IFRS as prescribed by the International Accounting Standards Board, which do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures") and therefore may not be comparable to similar measures disclosed by other issuers. These non-IFRS measures (including ratios) are further described below.

- Adjusted net income and comprehensive income as well as adjusted net income and comprehensive income attributable to common shareholders, for the stated period, are calculated by adjusting the net income and comprehensive income for following (as applicable and collectively called other non-operating items), irrespective of materiality:
  - foreign exchange gains/losses related to the Company's non-functional currency denominated net assets;
  - impairment losses/reversals;
  - net gains/losses on the disposal of equity-accounted investments;
  - share-based compensation;
  - non-recurring items; and
  - the income tax impact of the items listed above.

- Adjusted earnings per share is calculated in the same manner as earnings per share using adjusted net income and comprehensive income for the stated period.

For further details, including a reconciliation of adjusted net income and comprehensive income to net income and comprehensive income, see "Financial Performance - Adjusted Net Income and Comprehensive Income". For a reconciliation of adjusted earnings per share to earnings per share, see "Selected Annual and Quarterly Financial Information".

- Adjusted revenue is revenue adjusted for the effect of interest expense incurred on loan and mortgage syndication as applicable. For further details, including a reconciliation of revenue to adjusted revenue, see "Financial Performance – Pre-Tax Profit Margin".

- Adjusted expenses are expenses adjusted for the effect of interest expense incurred on loan and mortgage syndications and other non-operating items, as applicable. For further details, including a reconciliation of adjusted expenses to expenses, see "Financial Performance – Pre-Tax Profit Margin."

- Adjusted net income and comprehensive income is net income and comprehensive income adjusted for ●. For further details, including a reconciliation of adjusted net income and comprehensive income to net income and comprehensive income, see "Financial Performance – Adjusted Net Income and Comprehensive Income."

- Adjusted earnings per share is adjusted net income and comprehensive income divided by the number of outstanding Shares

- Pre-tax profit margin is the ratio of income from operations before taxes to adjusted revenue. For further details, including a reconciliation of pre-tax profit margin to revenue, see "Financial Performance –Pre-Tax Profit Margin."

- Adjusted total debt is total debt (defined as the aggregate of loan and mortgage syndications, credit facilities (the "Credit Facilities"), and mortgages payables) adjusted for the effect of loan and mortgage syndications as applicable. For further details, see "Shareholders' Equity - Debt to Equity Ratio."

- Adjusted debt-to-equity ratio is the ratio of adjusted total debt to shareholders' equity. For further details, see "Shareholders' Equity - Debt to Equity Ratio."

- LTV is a measure of risk determined at the time of underwriting the loan and mortgage investments, calculated as (i) the sum of advanced and un-advanced loan and mortgage investments commitments on a real estate asset (ii) divided by the estimate of the value of the underlying real estate collateral at that time if already developed or after completion of development in the case of a development project.

- Assets under management ("AUM") are the assets managed by the Company on behalf of the Company's syndicate investors, as well as the Company's assets, and do not include capital commitments that have not yet been funded.

- "Weighted Average Effective Interest Rate" or "weighted average EIR" means the weighted average of all annual interest of the applicable investments that takes into account the effect of compound interest and fees, computed by weighing the annual interest by the value of the investments and, in the case of Investments in Finance Leases, means the weighted average of all annual interest rate implicit in the respective leases, computed by weighing the implicit annual interest by the value of the leases.

- "Weighted Average Remaining Term to Maturity" means a weighted average of the remaining terms to maturity of the applicable investments, computed by weighing each maturity date (the date the investments comes due) by the value of the investments.

These non-IFRS financial measures are not defined by IFRS, do not have a standardized meaning, and may not be comparable with similar measures presented by other issuers. The Company has presented such non-IFRS measures which have been derived from the Company's financial statements and applied on a consistent basis because the Company believes they are of assistance in evaluating the underlying operational and financial performance of the Company. Non-IFRS financial measures are also commonly used by the financial community to analyze and compare the performance of companies engaged in the same industries. These non-IFRS measures should not be construed as alternatives to financial measures determined in accordance with IFRS as indicators of the Company's performance.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial and operational highlights as at and for the three months and years ended December 31, 2021, and 2020 are as follows:

	December 31, 2021	December 31, 2020
Total investments [1][8]	$ 115,299,947	$ 122,560,682
Loans and mortgage syndications (including loan payable to Debt Fund I and Debt Fund II)	$ 85,096,354	$ 71,374,100
Total equity	$ 43,579,220	$ 41,162,653
AUM [2]	$ 128,524,807	$ 145,146,930
Weighted average effective interest rate		
Loan and mortgage investments	13.7%	13.0%
Investment in finance leases (implicit)	14.1%	14.5%
Loan and mortgage syndications (including loan payable to Debt Fund I and Debt Fund II)	10.3%	10.1%
Weighted average remaining term to maturity		
Loan and mortgage investments	1.10 yrs	1.64 yrs
Investment in finance leases	2.09 yrs	2.08 yrs
Loan and mortgage syndications	0.98 yrs	1.72 yrs
Adjusted debt to equity [3]	0.02:1.00	0.19:1.00
Book value per share [4]	$ 7.83	$ 7.40

	Quarter ended		Year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenue	$ 4,319,767	$ 3,587,417	$ 16,241,159	$ 15,461,784
Interest and financing costs	$ 2,180,521	$ 1,821,066	$ 8,588,981	$ 8,176,246
Net income and comprehensive income	$ 1,370,507	$ 846,043	$ 3,340,552	$ 2,169,238
Adjusted net income and comprehensive income [5]	$ 750,278	$ 531,656	$ 2,877,283	$ 2,861,690
Pre-tax profit margin [6]	39.2%	38.0%	44.7%	49.4%
Adjusted earnings per share (Basic) [7]	$ 0.13	$ 0.10	$ 0.52	0.51

(1) Before deducting the allowance for loan and mortgage investment loss at December 31, 2021 and December 31, 2020 of $81,360 and $764,519, respectively and before deducting the allowance of investment in finance lease loss at December 31, 2021 and December 31, 2020 of $120,443 and $41,061, respectively.
(2) AUM is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".
(3) Adjusted total debt, debt to equity and adjusted debt to equity areNon-IFRS Fnancial Measures. See "Non-IFRS Financial Measures".
(4) Total shareholders' equity divided by outstanding Shares.
(5) Adjusted net income and comprehensive income is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".
(6) Pre-tax margin is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".
(7) Adjusted earnings per share is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".
(8) Refer to the Investment Profile section for the breakdown of Total Investments.

FOURTH QUARTER HIGHLIGHTS

The Company reported revenue of $4,319,767 in the fourth quarter of 2021, compared to $3,587,417 for the same period last year, representing an increase of $732,350 or 20.4%.

Interest and fee income for the fourth quarter of 2021 was $2,730,395 compared to $2,904,000 for the same period last year, representing a decrease of $173,605 or 6.0%, while the finance income from investment in finance leases aggregated to $1,547,442, compared to $642,524 in the same period last year, representing an increase of $904,918 or 140.8%.

Interest and financing costs for the fourth quarter of 2021 aggregated to $2,180,521, compared to $1,821,066 for the same period last year, representing an increase of $359,455 or 19.7%.

For the quarter ended December 31, 2021, the Company recognized a foreign exchange gain of $20,337 compared to $364,687 for the same period last year.

Net income and comprehensive income attributable to common shareholders for the fourth quarter of 2021 was $1,370,507 or $0.25 per basic share and $0.24 per diluted share, as compared to $846,043 or $0.15 per basic and diluted share in the same period in the prior year, representing an increase of $524,464 or 62.0%.

Adjusted net income and comprehensive income for the fourth quarter of 2021 was $750,278 or adjusted basic and diluted earnings per share of $0.13, as compared to $531,656 or adjusted basic and diluted earnings per share of $0.10 in the same period in the prior year, representing an increase of $218,622 or 41.1%.

The Company's Total Investments (which, excluding cash, consist of the principal balance of loan and mortgage investments, investment in finance leases, Portfolio Investments, Investments in Associates, convertible note receivable and an investment property held in joint operations) decreased to $115,299,947 at December 31, 2021, as compared to $122,560,682 at December 31, 2020, representing a decrease of 5.9%.

FINANCIAL PERFORMANCE

The Company's financial performance for the three months and years ended December 31, 2021 and 2020 is summarized below:

	Three months ended			Year ended		
	Dec 31, 2021	Dec 31, 2020	Change Increase / (decrease)	Dec 31, 2021	Dec 31, 2020	Change Increase / (decrease)
Revenue						
Interest and fees earned	$ 2,730,395	$ 2,904,000	$ (173,605)	$ 11,180,082	$ 12,662,997	$ (1,482,915)
Finance income	1,547,442	642,524	904,918	4,889,886	2,646,216	2,243,670
Rental income	41,930	40,893	1,037	171,191	152,571	18,620
Total revenue	4,319,767	3,587,417	732,350	16,241,159	15,461,784	779,375
Expenses						
Property operating costs	13,113	13,882	(769)	58,013	53,896	4,117
General and administrative expenses	1,397,956	1,216,807	181,149	4,228,189	3,305,565	922,624
Share based compensation (recovery)	(112,829)	305,272	(418,101)	127,051	279,224	(152,173)
Interest and financing costs	2,180,521	1,821,066	359,455	8,588,981	8,176,246	412,735
Provision for (recovery of) loan and mortgage investment loss	(527,837)	-	(527,837)	(683,159)	899,204	(1,582,363)
Provision for (recovery of) uncollectible receivables	(9,776)	-	(9,776)	-	161,428	(161,428)
Provision for (recovery of) investment in finance lease loss	(231,222)	41,061	(272,283)	79,382	41,061	38,321
Fair value adjustment - portfolio investment	(259,841)	(149,120)	(110,721)	(259,841)	(149,120)	(110,721)
Realized and unrealized foreign exchange gain	(20,337)	(364,687)	344,350	(147,243)	(118,268)	(28,975)
Share of loss (income) from investment in associates	63,137	(57,098)	120,235	(221,978)	115,494	(337,472)
	2,492,885	2,827,183	(334,298)	11,769,395	12,764,730	(995,335)
Income from operations before income taxes	1,826,882	760,234	1,066,648	4,471,764	2,697,054	1,774,710
Income taxes (recovery)	456,375	(85,809)	542,184	1,131,212	527,816	603,396
Net income and comprehensive income	$ 1,370,507	$ 846,043	$ 524,464	$ 3,340,552	$ 2,169,238	$ 1,171,314

TOTAL REVENUE

Total revenue for the three months ended December 31, 2021, was $4,319,767 compared to $3,587,417 in the comparative period, an increase of 20.4%. Total revenue for the year ended December 31, 2021, was $16,241,159 compared to $15,461,784 in the comparative period, an increase of 5.0%. The majority of the Company's revenue is derived from loan and mortgage investments and investments in finance leases. Investment in finance lease balances increased from $20,530,716 as at December 31, 2020 to $55,728,869 as at December 31, 2021. The further factors contributing to the variance are discussed in detail below under "Interest and Fees Earned" and "Finance Income."

INCOME FROM OPERATIONS BEFORE INCOME TAXES

Income from operations before income taxes, the components of which are discussed in detail below, for the three months ended December 31, 2021, was $1,826,882 compared to $760,234 in the comparative period last year, an increase of $1,066,648 or 140.3%.

Income from operations before income taxes, the components of which are discussed in detail below, for the year ended December 31, 2021, was $4,471,764 compared to $2,697,054 in the comparative period last year, an increase of $1,774,710 or 65.8%. The changes in revenue and expenses are discussed in detail in their respective sections on pages 11 to 14.

NET INCOME AND COMPREHENSIVE INCOME

Net income and comprehensive income for the three months ended December 31, 2021, was $1,370,507, an increase of $524,464, compared to a net income and comprehensive income of $846,043 for the corresponding period in 2020.

Net income and comprehensive income for the year ended December 31, 2021, was $3,340,552, an increase of $1,171,314, compared to $2,169,238 for the corresponding period in 2020. The changes in revenue and expenses are discussed in detail in their respective sections on pages 11 to 14.

ADJUSTED NET INCOME AND COMPREHENSIVE INCOME

Adjusted net income and comprehensive income assess the income from operations without the effects of certain non-cash items that generally have no current economic impact or other unusual one-time items that are viewed as not directly related to a Company's operating performance.

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors also use adjusted net income and comprehensive income for such purposes. Presenting this measure from period to period helps evaluate trends more readily, in comparison to results from prior periods.

The following table provides the calculation of the Company's adjusted net income and comprehensive income for the three months and years ended December 31, 2021 and 2020:

	Three months ended			Years ended		
	Dec 31, 2021	Dec 31, 2020	Change Increase / (decrease)	Dec 31, 2021	Dec 31, 2020	Change Increase / (decrease)
Net income and comprehensive income	$ 1,370,507	$ 846,043	$ 524,464	$ 3,340,552	$ 2,169,238	$ 1,171,314
Provision for (recovery of) loan and mortgage investment, investment in finance leases and uncollectible receivable losses (tax adjusted) (2)	(565,094)	30,179	(595,273)	(443,776)	809,744	(1,253,520)
Share based compensation (tax adjusted)	(82,930)	224,375	(307,305)	93,382	205,230	(111,848)
Foreign exchange gain (tax adjusted)	27,795	(568,941)	596,736	(112,875)	(322,522)	209,647
Adjusted net income and comprehensive income (1)	$ 750,278	$ 531,656	$ 218,622	$ 2,877,283	$ 2,861,690	$ 15,593

(1) Adjusted net income and comprehensive income is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".

(2) Provision for (recovery of) loan and mortgage investment and investment in finance lease is tax adjusted rate at 26.5%.

Adjusted net income and comprehensive income (a non-IFRS financial measure) for the three months ended December 31, 2021, was $750,278, an increase of $218,622, compared to adjusted net income and comprehensive income of $531,656 for the corresponding period in 2020.

Adjusted net income and comprehensive income for the year ended December 31, 2021, was $2,877,283, an increase of $15,593, compared to adjusted net income and comprehensive income of $2,861,690 for the corresponding period in 2020.

The changes in revenue and expenses are discussed in detail in their respective sections on pages 11 to 14.

PRE-TAX PROFIT MARGIN

The Company believes that the pre-tax profit margin (a non-IFRS financial measure) provides an assessment of the extent to which the Company can earn profit from each dollar of the adjusted revenue (a non-IFRS financial measure).

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors also use pre-tax profit margin for such purposes. Presenting this measure from period to period helps evaluate trends more readily compared to results from prior periods.

The following table provides the calculation of pre-tax profit margin for the three months and years ended December 31, 2021 and 2020:

	Three months ended		Year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenue	$ 4,319,767	$ 3,587,417	$ 16,241,159	$ 15,461,784
Less: Interest on loan and mortgage syndications	(1,959,160)	(1,632,868)	(7,639,074)	(7,440,033)
Adjusted revenue (1)	2,360,607	1,954,549	8,602,085	8,021,751
Expenses	2,492,885	2,827,183	11,769,395	12,764,730
Less: Interest on loan and mortgage syndications	(1,959,160)	(1,632,868)	(7,639,074)	(7,440,033)
other non-operating items (2)	902,001	18,354	623,969	(1,262,649)
Adjusted expenses (1)	1,435,726	1,212,669	4,754,290	4,062,048
Adjusted Income from operations before income taxes	$ 924,881	$ 741,880	$ 3,847,795	$ 3,959,703
Pre-tax margin (1)	39.2%	38.0%	44.7%	49.4%

(1) Adjusted revenue, adjusted expenses and operating margin are Non-IFRS Financial Measures. See "Non-IFRS Financial Measures".
(2) Other non-operating items are share based compensation, provision for (recovery of loan and mortgage investment loss, provision for uncollectible receivable and realized and unrealized foreign exchange (gain)/loss.

For the three months ended December 31, 2021, the pre-tax profit margin was 39.2% compared to 38.0% for the same period in the prior year. The pre-tax profit margin variance was primarily due to the increase in finance income from investment in finance leases and the fair value gain adjustment on the portfolio investment which was partially offset by an increase in general and administrative expenses and share of loss from investment in associates.

For the year ended December 31, 2021, the pre-tax profit margin was 44.7% compared to 49.4% for the prior year. The pre-tax profit margin variance was due to the increase in general and administrative expenses offset by an increase in the following: finance income from investment in finance leases, share of income from investment in associates and the fair value gain adjustment on the portfolio investment.

INTEREST AND FEES EARNED

Interest and fees earned for the three months ended December 31, 2021, aggregated to $2,730,395, compared to $2,904,000 in the comparative period last year, representing a decrease of $173,605 or 6.0%. The decrease in interest and fees earned was attributable to repayments of loan and mortgage investments during the year partially offset by interest and fees earned on loan and mortgage investments funded during the current year.

For the year ended December 31, 2021, interest and fees earned aggregated to $11,180,082, compared to $12,662,997 in the comparative period last year, representing a decrease of $1,482,915 or 11.7%. The repayments of loans and mortgage investments during the year, resulted in a decrease in interest fees earned by $4,010,291. The decrease was partially offset by interest and fees earned of $1,544,930 on loan and mortgage investments funded during the current year and an increase in interest and fees of $978,919 earned on loan and mortgage investments existing December 31, 2020. The Company's principal balance of the Loan Portfolio decreased from $93,808,332 at December 31, 2020 to $47,089,194 at December 31, 2021. The weighted average effective interest rate (the "weighted average EIR") increased from 13.0% at December 31, 2020 to 13.7% at December 31, 2021. The composition and changes to the Loan Portfolio are discussed under "Investments – Loan and Mortgage Investments."

FINANCE INCOME

For the three months ended December 31, 2021, the finance income aggregated to $1,547,442, compared to $642,524 in the comparative period last year, representing an increase of $904,918 or 140.8%. For the year ended December 31, 2021, finance income aggregated to $4,889,886, compared to $2,646,216 in the prior year, representing an increase of $2,243,670 or 84.8%, primarily due to the increase in the number and amount of investments in finance leases. At December 31, 2021, the Company had 15 finance leases, totaling $55,849,312, compared to nine finance leases totaling $20,530,716 in the prior year. The composition and changes to the investment in finance leases are discussed under "Investments – Investment in Finance Leases."

RENTAL INCOME AND PROPERTY OPERATING COSTS

The Company's proportionate share of the rental income from investment property in operations jointly controlled by the Company for the three months and year ended December 31, 2021 was $41,930 and $171,191, respectively, compared to $40,893 and $152,571, respectively, in the same periods in the prior year. The Company's proportionate share of the property operating costs for the three months and year ended December 31, 2021, was $13,113 and $58,013, respectively, compared to $13,882 and $53,896, respectively, for the same periods in the prior year. The Company's proportionate share of the rental income and property operating costs from investment property in operations jointly controlled by the Company have remained relatively consistent period over period.

INTEREST AND FINANCING COSTS

Interest and financing costs for the three months and years ended December 31, 2021 and 2020 were as follows:

	Three months ended			Year ended		
	December 31, 2021	December 31, 2020	Change Increase / (decrease)	December 31, 2021	December 31, 2020	Change Increase / (decrease)
Interest on loan and mortgage syndications	$ 1,950,569	$ 1,565,114	$ 385,455	$ 7,541,329	$ 7,071,168	$ 470,161
Interest on unsecured note payable	8,591	67,754	(59,163)	97,745	368,865	(271,120)
Interest on financing fee	70,638	60,292	10,346	384,528	287,832	96,696
Interest on Credit Facilities	129,562	117,433	12,129	474,875	402,145	72,730
Montreal Street JV	10,955	11,525	(570)	48,992	45,513	3,479
Lease obligations	10,206	(1,052)	11,258	41,512	723	40,789
	$ 2,180,521	$ 1,821,066	$ 359,455	$ 8,588,981	$ 8,176,246	$ 412,735

Interest and financing costs for the three months and year ended December 31, 2021 were $2,180,521 and $8,588,981, respectively, compared to $1,821,066 and $8,176,246, respectively, for the same periods in the prior year. The increase was primarily due to the new loans payable agreement the Company entered into in the current year related to Debt Fund I and Debt Fund II which had a loan outstanding balance of $63,053,210. Additionally impacting the variance was an increase in the weighted average interest rate from 10.1% at December 31, 2020 to 10.3% at December 31, 2021. Partially offsetting the increase in interest and financing costs was the repayment of loan and mortgage syndications. See – "Capital Structure and Debt Profile – Loan and Mortgage Syndications" and "Credit Facilities".

GENERAL AND ADMINISTRATIVE EXPENSES

During the three months and years ended December 31, 2021 and 2020, the Company incurred the following general and administrative expenses:

	Three months ended			Years ended		
	December 31, 2021	December 31, 2020	Change Increase / (decrease)	December 31, 2021	December 31, 2020	Change Increase / (decrease)
Salary and benefits	$ 642,240	$ 779,299	$ (137,059)	$ 2,635,771	$ 2,107,958	$ 527,813
Professional fees	509,989	268,810	241,179	851,092	575,463	275,629
Public company expenses	13,916	14,132	(216)	59,435	45,952	13,483
Directors' fees	54,191	40,259	13,932	197,656	155,651	42,005
Rent	35,197	36,364	(1,167)	140,329	147,224	(6,895)
Other expenses	142,423	77,943	64,480	343,906	273,317	70,589
	$ 1,397,956	$ 1,216,807	$ 181,149	$ 4,228,189	$ 3,305,565	$ 922,624

General and administrative expenses consist of salaries and other personnel costs, professional fees, occupancy costs and other expenses associated with the operation of the Company.

General and administrative expenses for the three months ended December 31, 2021 were $1,397,956 compared to $1,216,807 for the same period last year, relatively consistent period over period with an increase of $181,149 or 14.9%. The decrease in salary and benefits was due to the timing of when incentive compensation expense was recorded throughout the year in 2021 compared with the fourth quarter in the prior period. This decrease was partially offset by an increase in professional fees, primarily legal fees incurred in the set up of Debt Fund I and Debt Fund II and tax services.

General and administrative expenses for the year ended December 31, 2021 were $4,228,189 compared to $3,305,565 in the same period last year, an increase of $922,624 or 27.9%. The variance was primarily related to an increase in salary and benefits due to annual salary increases and new hires in 2021. Additionally, the variance was also impacted by the above-mentioned increase in professional fees.

SHARE-BASED COMPENSATION

The share-based compensation that has been recognized for the three months and years ended December 31, 2021 and 2020 was as follows:

	Three months ended			Years ended		
	December 31, 2021	December 31, 2020	Change Increase / (decrease)	December 31, 2021	December 31, 2020	Change Increase / (decrease)
Share option Plan	$ -	$ -	$ -	$ -	$ 177,745	$ (177,745)
DSU Plan	(112,829)	305,272	(418,101)	127,051	101,479	25,572
	$ (112,829)	$ 305,272	$ (418,101)	$ 127,051	$ 279,224	$ (152,173)

Share-based payments associated with the Company's share option plan (the "Plan") were nil for the three-month ended December 31, 2021, and the same period in the prior year. Share-based payments associated with the Plan were nil for the year ended December 31, 2021, compared to $177,745 for the same period last year. The decrease in share-based payments associated with the Plan for the three-month period ended December 31, 2021, was primarily due to the timing of recognizing expenses of the options granted in 2021. The options are valued and recognized as compensation expenses using the graded-vesting accounting method over the option vesting period. See "Shareholders Equity – Share-Based Payments."

The share-based compensation associated with the Company's Deferred Share Units Plan (the "DSU Plan") for the three months ended December 31, 2021 was a recovery of $112,829 compared to and expense of $305,272 for the same period last year. Share-based compensation associated with the DSU Plan for the year ended December 31, 2021 was $127,051 compared to $101,479 for the same period last year. The recovery of share-based compensation for the three months ended December 31, 2021 was primarily due to the decrease in share price from C$6.50 per Share at December 31, 2020 to C$6.00 per Share at December 31, 2021.

The increase in share-based compensation associated with the DSU Plan for the year ended December 31, 2021 is due to granting additional DSUs to participants for amounts equivalent to dividends paid on the Shares of the Company, in addition to an increase in share price from C$5.60 at December 31, 2020 to C$6.00 at December 31, 2021.

FOREIGN EXCHANGE LOSS

For the year ended December 31, 2021, the Company recognized a foreign exchange gain of $147,243 compared to a foreign exchange gain of $118,268 for the same period last year, resulting from the translation of net assets carried in C$ being translated to US$. During the year ended December 31, 2021, the US$ weakened by approximately 0.7% against the C$ from $1.2725 to $1.2637. During the year ended December 31, 2020, the US$ weakened by approximately 2.0%, from $1.2990 to $1.2725.

INCOME TAXES

The Company is subject to federal, provincial, and state income taxes in jurisdictions it conducts business and is required to estimate the income tax provision in each of these jurisdictions in preparing its consolidated financial statements. The Company's effective consolidated tax rate is influenced by various factors, including the mix of accounting profits or losses before income taxes among tax jurisdictions in which it operates and the foreign exchange gain or loss. The effective income tax rate for the year ended December 31, 2021, amounted to 25.4%, compared with 19.6% for the same period last year. The decrease resulted primarily from tax and accounting treatment of subsidiaries with a functional currency of C$ and filing income taxes in C$ while holding certain assets denominated in US$. These subsidiaries recognized taxable foreign exchange losses from the weakening of the US$ for Canadian income tax purposes while recording a non-deductible foreign exchange loss resulting from converting C$ transactions and balances to US$ in preparing the consolidated financial statements. This resulted in a decrease in income tax expense and a lower effective income tax rate for the year ended December 31, 2021.

INVESTMENT PROFILE

The following table presents details of the Company's Total Investments, as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Loan and mortgage investments (1)	$ 47,089,194	$ 93,808,332
Investment in finance leases (2)	55,849,312	20,530,716
Portfolio investments	676,421	2,292,991
Investment in associates	8,364,711	3,112,395
Investment property held in Joint Operations	1,747,799	1,735,712
Convertible note receivable	1,572,510	1,080,536
Total Investments	$ 115,299,947	$ 122,560,682

(1) Before deducting the allowance for loan and mortgage investment loss at December 31, 2021 and December 31, 2020 of $81,360 and $764,519, respectively.
(2) Before deducting the allowance for investment in finance lease loss at December 31, 2021 and December 31, 2020 of $120,443 and $41,061, respectively.

Total Investments decreased by $7,260,735 during the year ended December 31, 2021, resulting primarily from the decline in the principal balance of loan and mortgage investments totaling $46,719,138 partially offset by the increase in both investment in finance lease and investment in associates. The changes to these investments are discussed in detail below.

The following table presents a breakdown of the Company's Total Investments by investment type as at December 31, 2021, and December 31, 2020:

	December 31, 2021		December 31, 2020	
	Total	% of total	Total	% of total
First mortgage loans (1)	44,081,171	38.3	88,208,729	72.0
Finance leases (2)	55,849,312	48.4	20,530,716	16.8
2nd mortgage loans (1)	1,305,690	1.1	4,108,367	3.4
All other investments	14,063,774	12.2	9,712,870	7.8
	115,299,947	100.0	122,560,682	100.0

(1) Before deducting the allowance for loan and mortgage investment loss at December 31, 2021 and December 31, 2020 of $81,360 and $764,519, respectively.
(2) Before deducting the allowance for investment in finance lease loss at December 31, 2021 and December 31, 2020 of $120,443 and $41,061, respectively.

The following table presents details of the Company's Total Investments segmented by geography as at December 31, 2021 and 2020:

	December 31, 2021	% of total	December 31, 2020	% of total
Canada (1)	$ 13,512,683	11.7	$ 12,229,760	10.0
United States (1)	101,787,263	88.3	110,330,922	90.0
Total Investments (1)	$ 115,299,946	100.0	$ 122,560,682	100.0

(1) Before deducting the allowance for loan and mortgage investment loss at December 31, 2021 and December 31, 2020 of $81,360 and $764,519, respectively and before deducting the allowance for investment in finance lease loss at December 31, 2021 and December 31, 2020 of $120,443 and $41,061, respectively.

As at December 31, 2021, the total investment in the U.S. represents 88.3% of the total investment relatively consistent with 90.0% at December 31, 2020. The Company continues to believe that financing real estate projects in the U.S provide the best risk-adjusted returns in the market today. The Company plans to continue to expand its U.S. financing activities opportunistically and in a measured way.

LOAN AND MORTGAGE INVESTMENTS

The Company's Loan Portfolio as at December 31, 2021, consisted of the following: (a) 5 loans relating to residential housing developments located in Kitchener-Ontario, Fort Worth-Texas, Atlanta-Georgia, Delray Beach-Florida representing 13.3% of the Loan Portfolio (by investment amount), (b) 6 loans relating to land and lot inventory of real estate assets to be developed in Tampa-Florida, Phoenix-Arizona, Atlanta-Georgia, Savannah-Georgia and Davenport-Florida representing 86.7% of the Loan Portfolio (by investment amount).

The Company's Loan Portfolio as at December 31, 2020, consisted of the following: (a) 6 loans relating to residential housing developments located in Kitchener-Ontario, Fort Worth-Texas, Atlanta-Georgia, Delray Beach-Florida representing 31.3% of the Loan Portfolio (by investment amount), (b) 6 loans relating to land and lot inventory of real estate assets to be developed in Tampa-Florida, Phoenix-Arizona, Atlanta-Georgia, Savannah-Georgia and Davenport-Florida representing 63.6% of the Loan Portfolio (by investment amount) and (c) commercial retail development land located in Palm Springs-California, representing the remaining 5.1% of the Loan Portfolio (by investment amount).

The following table presents details of the Loan Portfolio before loan and mortgage syndications as at December 31, 2021:

	Weighted Average Effective Interest Rate	Loan and mortgage investments	Allowance for credit losses	Net Loan Portfolio (before syndication)	% of net Investments (before syndication)
Performing loan and mortgage investments					
Residential housing developments	12.6%	$ 6,285,220	$ (13,342)	$ 6,271,878	13.3%
Land and lot inventory	13.6%	40,803,974	(68,018)	40,735,956	86.7%
Loan Portfolio	13.7%	$ 47,089,194	$ (81,360)	$ 47,007,834	100.0%

The following table presents details of the Loan Portfolio before loan and mortgage syndications as at December 31, 2020:

	Weighted Average Effective Interest Rate	Loan and mortgage investments	Allowance for credit losses	Net Loan Portfolio (before syndication)	% of Investments (before syndication)
Performing loan and mortgage investments					
Residential housing developments	12.8%	$ 29,391,302	$ (12,999)	$ 29,378,303	31.6%
Land and lot inventory	12.9%	59,662,030	(397,757)	59,264,273	63.7%
	13.2%	$ 89,053,332	(410,756)	$ 88,642,576	95.3%
Impaired loan and mortgage investments					
Commercial retail development	14.3%	4,755,000	(353,763)	4,401,237	4.7%
Loan Portfolio	13.0%	$ 93,808,332	$ (764,519)	$ 93,043,813	100.0%

As at December 31, 2021 and December 31, 2020, the balance of the Loan Portfolio was $47,089,194 and $93,808,332 respectively. The decrease in Loan Portfolio of $46,719,138 during the year ended December 31, 2021, resulted from the net effect of the repayments totaling $72,649,681, of which $16,435,902 is related to loans and mortgage investments that were repaid in full during the year, and the receipt of capitalized interest of $79,854. The decrease was partially offset by funding of advances against existing loans of $5,001,850, funding of new loan investments of $17,737,908 and capitalized interest of $3,220,359.

In prior years, TFCC International Ltd., a wholly owned subsidiary of the Company, had committed to advance a principal amount of first mortgage loan up to $18,000,000 to the Savannah Project, subject to certain funding conditions. The loan carries interest at 11.0% per annum calculated and compounded monthly. A repayment of $11,291,616 was received during the year resulting in an outstanding balance of $16,451,411 on the above noted loan and mortgage investment as at December 31, 2021 (December 31, 2020 - $24,733,966). Additionally, TFCC International Ltd syndicated the loan and mortgage investments to investors. As at December 31, 2021 the syndicated loan and mortgage investment balance outstanding was $11,993,074 (December 31, 2020 - $18,956,101). Interest capitalized during the year ended December 31, 2021, was $3,009,261 (December 31, 2020 - $2,682,749).

The following table summarizes the change in the balance of the Loan Portfolio for the three months and years ended December 31, 2021 and 2020:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 86,191,071	$ 99,110,556	$ 93,808,332	$ 116,820,582
Loan portfolio activity during the period				
Funding of new loan investments	2,846,207	1,293,408	17,737,908	25,293,408
Advances against existing loans	1,533,368	2,577,698	5,001,850	8,078,517
Write-down of loan investments	-	-	-	(981,806)
Repayments of loans	(44,333,970)	(10,036,618)	(72,649,681)	(53,910,395)
Interest capitalized	848,073	757,718	3,220,359	4,035,865
Capitalized interest received	-	(33,313)	(79,854)	(5,199,823)
Unrealized foreign exchange gain (loss)	4,445	138,883	50,280	(328,016)
Balance, end of period	$ 47,089,194	$ 93,808,332	$ 47,089,194	$ 93,808,332

The weighted average WIR of the Loan Portfolio at December 31, 2021 and 2020, including the average interest rate of loan and mortgage investment in default, was 13.7% and 13.0%, respectively. The weighted average term to maturity of the Loan Portfolio at December 31, 2021 and 2020, was 1.10 years and 1.64 years, respectively. The Company continues to focus on the quality of security by placing its capital in more senior positions in the capital structure and reducing its exposure to unregistered loans. At December 31, 2021, the Company had 93.6% of the Loan Portfolio in first mortgage loans, compared to 94.0% of the Loan Portfolio at December 31, 2020. The higher level of security and higher weighted average interest rates are key factors towards the Company's overall profitability. The Company's continues to focus on the spreads earned on the loan and mortgage syndications. See – "Financial Performance" and "Capital Structure and Debt Profile – Loan and Mortgage Syndications".

The weighted average EIR of the loan and mortgage investments of residential housing developments at December 31, 2021 and 2020 were 12.6% and 12.8%, respectively. The weighted average EIR of the loan and mortgage investments of land and lot inventory at December 31, 2021 and 2020 were 13.6% and 12.9%, respectively. The weighted average EIR of the commercial retail development at December 31, 2021 and 2020 was nil and 14.3%, respectively.

The following table presents details of the Company's balances of loan and mortgage investments segmented by risk as at December 31, 2021 and 2020:

	December 31, 2021	% of Investments	December 31, 2020	% of Investments
1st mortgage loans	$ 44,081,171	93.6%	$ 88,208,729	94.0%
2nd mortgage loans	1,305,690	2.8%	4,108,367	4.4%
Unregistered loans	1,702,333	3.6%	1,491,236	1.6%
	$ 47,089,194	100.0%	$ 93,808,332	100.0%

Mortgages are secured by real estate assets and may include other forms of security. Unregistered loans are not secured by real estate assets but are secured by other forms of security, such as personal guarantees or the pledge of shares of the borrowing entity.

The following table presents details of the Company's balances of the Loan Portfolio before syndication segmented by geography as at December 31, 2021:

	Loan and mortgage investments	Allowance for credit losses	Net investments	% of net investments
Canada	$ 1,305,771	$ (43)	$ 1,305,728	2.8%
United States	45,783,423	(81,317)	45,702,106	97.2%
	$ 47,089,194	$ (81,360)	$ 47,007,834	100.0%

The following table presents details of the Company's balances of the Loan Portfolio before syndication segmented by geography as at December 31, 2020:

	Loan and mortgage investments	Allowance for credit losses	Net investments	% of net investments
Canada	$ 4,108,369	$ (501)	$ 4,107,868	4.4%
United States	89,699,963	(764,018)	$ 88,935,945	95.6%
	$ 93,808,332	$ (764,519)	$ 93,043,813	100.0%

The Company believes the U.S market offers better risk-adjusted returns and lends in specific U.S. markets following the same prudent lending standards it has historically employed in Canada. The U.S. market continues to offer good quality lending opportunities, while the price competition among lenders in the Canadian market remains quite strong. On a comparative basis, the loan and mortgage investment opportunities in the U.S market have generally offered risk/return profiles as good as or better than those available in the Canadian market. The yields on the land, land acquisition and development, land banking and lot inventory loans in the U.S. are high on a risk-adjusted basis, ranging between 11% and 12% for LTVs of up to 85%. As such, the Company focuses primarily on providing higher leveraged loans (up to 85% LTV) on development lands in the U.S. The Company has adjusted its marketing efforts in Canada to become more reactive to deals that may present themselves for special situations through existing borrowers or existing contacts rather than taking a proactive approach to generating a more significant pipeline of potential transactions.

At December 31, 2021, 97.2% of the Loan Portfolio are in projects located in the U.S, compared to 95.6% at December 31, 2020. The Company expects to maintain its concentration of loan and mortgage investments to projects located in the U.S.

As at December 31, 2021, three project loan investments to entities controlled by a single borrower in the U.S. totaled $10,220,848, accounting for 25.4% of the combined balances of loan and mortgage investments and investment in finance leases, net of syndications.

As at December 31, 2021, there were loan and mortgage investments to three separate projects in the U.S. before syndication that account for 34.9%, 13.5% and 13.4% of the balance of loan and mortgage investments. As at December 31, 2020, there were loan and mortgage investments to three separate projects in the U.S. before syndication accounted for 26.4%, 20.1% and 19.6% of the balance of loan mortgage investments. These loan and mortgage investments are syndicated to certain syndicate investors on a pari-passu basis, and these percentages do not represent the Company's exposure on these loans and mortgage investments. For the year ended December 31, 2021, the Company had loan and mortgage investments in three separate projects in the U.S. before syndication that accounted for 29.6%, 19.2% and 16.0% of the Company's interest and fees revenue. For the year ended December 31, 2020, the Company had loan and mortgage investments in two separate projects in the U.S. before syndication that accounted for 22.5% and 15.0% of the Company's interest and fees revenue.

Pursuant to certain lending agreements, the Company is committed to funding additional loan advances, subject to borrowers meeting certain funding conditions. The unfunded loan commitments under the existing loan and mortgage investments at December 31, 2021, were $46,038,263 (December 31, 2020 - $7,204,207). As at December 31, 2021, the unfunded commitments relating to loan and mortgage investments in two separate projects in the U.S. before syndication account for 52.7% and 40.0% of the total unfunded commitments. As at December 31, 2021, the unfunded commitments relating to loan and mortgage investments in two separate projects in the U.S., before syndication, account for 82.8% and 15.8% of the total unfunded commitments. The Company expects to meet these funding commitments through the use of the LOC and proceeds from repayments of loans and mortgage investments.

Scheduled principal repayments of the Loan Portfolio maturing in the next four years are as follows:

	Scheduled principal payments	Investments maturing during the year
2022	$ -	$ 26,303,077
2023	-	17,964,780
2024	-	1,702,333
2025	-	1,119,004
	$ -	$ 47,089,194

Certain of the loan and mortgage investments have early repayment rights, which, if exercised, would result in repayments in advance of their contractual maturity dates.

Loan and mortgage investments are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided in the Company's audited consolidated financial statements for the year ended December 31, 2021, under "Significant Accounting Policies and Changes in Accounting Policies." Loan and mortgage investments carried at amortized cost are measured using the EIR method and are presented net of any ACL, calculated in accordance with the Company's policy for ACL. Interest on loan and mortgage investments is recognized in interest income using the EIR method. The estimated future cash flows used in this calculation include those determined by the contractual term of the loan and mortgage investment and, all fees that relate to activities such as originating, restructuring, or renegotiating loans are deferred and recognized as interest income over the expected term of such loan and mortgage investments using the EIR method. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the consolidated statements of income. Impairment gains or losses on the amortized cost of loan and mortgage investments are recognized at each balance sheet date in accordance with the three-stage impairment model.

The following table presents details of the Company's credit exposure on the Loan Portfolio before loan and mortgage syndications for which ACL is recognized as at December 31, 2021:

	Stage 1	Stage 2	Stage 3	Total
Residential housing developments	$ 6,285,220	$ -	$ -	$ 6,285,220
Land and lot inventory	40,803,974	-	-	40,803,974
Total	$ 47,089,194	$ -	$ -	$ 47,089,194

The following table presents details of the Company's credit exposure on the Loan Portfolio before loan and mortgage syndications, segmented by geography, for which ACL is recognized as at December 31, 2021:

	Stage 1	Stage 2	Stage 3	Total
Canada	$ 1,305,771	$ -	$ -	$ 1,305,771
United States	45,783,423	-	-	45,783,423
Total	$ 47,089,194	$ -	$ -	$ 47,089,194

ALLOWANCE FOR LOAN AND MORTGAGE INVESTMENTS LOSS

The changes in the ACL on loan and mortgage investments during the year ended December 31, 2021, were as follows:

	Balance at January 1, 2021	Provision for credit losses	Recoveries	Balance at December 31, 2021
Residential housing developments	$ 12,999	$ 343	$ -	$ 13,342
Land and lot inventory	397,757	(329,739)	-	68,018
Commercial retail development	353,763	-	(353,763)	-
	$ 764,519	$ (329,396)	$ (353,763)	$ 81,360

As at December 31, 2020, a first mortgage loan investment to a project located in the U.S. (the "U.S. Project"), totaling $4,854,290, including interest receivable of $46,808 and fees of $52,482, was in arrears. The syndicate investors' share of this loan investment and interest and other receivable was $4,127,968. The Company's share of loan investment and interest and other receivables, net of syndication, is $726,322. As at December 31, 2020, the Company carried an ACL balance of $353,763 relating to this mortgage loan investment. On November 19, 2021, the Company received cash repayment of $5,000,000 from the U.S. Project and recorded an ACL recovery of $353,763. In addition, the Company received an unsecured note receivable of $1,000,000 from the U.S. Project as a consideration of unpaid interest. The Company determined the collectability of the unsecured note receivable as remote and ascribed nil value. The unsecured note receivable balance of $851,735 represents the syndicate investors' share. The Company's share of the unsecured note receivable, net of syndication was $148,265. The unsecured note receivable amounts were fully written off during the year. The Company will continue to seek recovery on amounts that were written off, unless it no longer has the right to collect, or it has exhausted all reasonable efforts to collect.

For the year ended December 31, 2021, the Company recorded an ACL provision of $683,159 related to loan and mortgage investments. The ACL provision included a recovery of $353,763 related to the above noted U.S. Project. The remaining ACL remeasurement recorded for the year ended December 31, 2021, resulted mainly from the decrease in portfolio size after the Company's assessment of the loan and mortgage investments.

The following table presents the changes in the Company's ACL between the beginning and the end of the period:

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	$ 410,756	$ -	$ 353,763	$ 764,519
Recovery of credit losses				
Remeasurement	(329,396)	-	-	(329,396)
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Gross write-offs	-	-	-	-
Recoveries	-	-	(353,763)	(353,763)
Balance, end of year	$ 81,360	$ -	$ -	$ 81,360

The following table presents details of the Company's ACL on loan and mortgage investments as at December 31, 2021:

	Stage 1	Stage 2	Stage 3	Total
Residential housing developments	$ 13,342	$ -	$ -	$ 13,342
Land and lot inventory	68,018	-	-	68,018
	$ 81,360	$ -	$ -	$ 81,360

The following table presents the Company's ACL on loan and mortgage investments segmented by geography as at December 31, 2021:

	Stage 1	Stage 2	Stage 3	Total
Canada	$ 43	$ -	$ -	$ 43
United States	81,317	-	-	81,317
	$ 81,360	$ -	$ -	$ 81,360

The principal amount of the loan and mortgage investments are subject to the company's internal risk ratings for credit risk purposes.

The following table represents the internal risk ratings on the carrying amount of loan and mortgage investments net of syndication as at December 31, 2021:

Categories of PD grades	Stage 1	Stage 2	Stage 3	Total
Low	$ 19,792,583	$ -	$ -	$ 19,792,583
Medium	10,845,000	-	-	10,845,000
High	16,451,611	-	-	16,451,611
High - Default	-	-	-	-
Total	$ 47,089,194	$ -	$ -	$ 47,089,194

INVESTMENT IN FINANCE LEASES (LAND BANKING ASSETS)

The Company is a party to fixed-term contractual land banking asset arrangements with builders whereby the Company acquires land for residential housing development from a third party and provides builders with the exclusive right to use and develop the land (land banking). The Company is also a party to a fixed-price contract with builders to complete all required land development, based upon a fixed construction budget. The Company is committed to making additional investments in developing the land, subject to builders meeting certain funding conditions, including the payment of option fees. Under this arrangement, builders have an option to acquire the developed land in the form of divided lots, at a pre-determined price and in accordance with the scheduled closing dates to build residential units. Builders provide the Company with a non-refundable deposit and the payment of monthly option fees to secure their rights under each contract upon acquisition. The builder's deposits are applied on a lot-by-lot basis on the acquisition of the lots by the builders.

The Company determined that the investments in land banking asset arrangements contain a lease as the contracts convey the right to control the use of an identified asset for a period of time in exchange for consideration. The Company also determined that all the risks or rewards of ownership of the asset have been transferred to the builders and accounts for these arrangements as finance leases.

The investment in finance leases is the aggregate of gross lease payments and unearned finance income discounted at the interest rate implicit in the leases. As at December 31, 2021, the weighted average implicit rate of the leases is 14.1% per annum, and the weighted average remaining term of the leases is 2.09 years. The unearned finance income at December 31, 2021 was $6,794.

The income recognized from finance leases for the year ended December 31, 2021, of $4,889,886 was included as finance income in the consolidated statements of income and comprehensive income.

As at December 31, 2021, the Company had 15 arrangements with builders (December 31, 2020 – 9 arrangements). The following table summarizes the changes in the investment in finance lease for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 20,489,655	$ 17,959,374
Investments made	53,764,750	27,883,462
Investments sold	(18,439,527)	(24,966,422)
Lease payments received	(4,896,513)	(2,991,914)
Finance income recognized	4,889,886	2,646,216
Investment in finance leases	55,808,251	20,530,716
Allowance for credit losses	(79,382)	(41,061)
Balance, end of year	$ 55,728,869	$ 20,489,655

As at December 31, 2021 and 2020, investment in finance leases were $55,808,251 and $20,530,716, respectively. The increase in investment in finance leases of $35,277,535 was comprised of advances to new investment in finance leases of $38,722,683, advances to existing finance leases for $15,042,066 and finance income of $4,889,781. Partially offsetting the increase was $18,439,527 related to investments sold and lease payments received of $4,896,408.

The following is a reconciliation of the undiscounted future minimum lease payments receivable and imputed interest and the present value of minimum lease payments receivable thereof:

	Future minimum lease receipts	Finance income	Present value of minimum lease receipts
Less than one year	$ 22,031,264	$ 9,011,786	$ 13,019,478
Greater than one year but less than 5 years	55,590,550	12,760,716	42,829,834
	$ 77,621,814	$ 21,772,502	$ 55,849,312

The Company measures ACL for investment in finance leases at an amount equal to credit losses expected over the remaining lifetime of the finance leases.

The investments in finance leases are subject to the company's internal risk ratings for credit risk purposes.

The following table represents the internal risk ratings on the carrying amount of investment in finance leases as at December 31, 2021:

Categories of PD grades	Stage 1	Stage 2	Stage 3	Total
Low	$ 51,003,535	$ -	$ -	$ 51,003,535
Medium	4,845,777	-	-	4,845,777
High	-	-	-	-
High - Default	-	-	-	-
Total	$ 55,849,312	$ -	$ -	$ 55,849,312

At December 31, 2021, the unfunded commitments for the development of the lands under the finance lease arrangements, subject to builders meeting certain funding conditions, were $59,239,668. For further discussion on the unfunded commitments refer to section “Unfunded Funding Commitments” below.

PORTFOLIO INVESTMENTS

The following table presents details of the portfolio investments as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Investment in the LanQueen Partnership	$ 521,892	$ 2,192,747
Investment in the Savannah Partnership	154,528	100,243
Investment in the Valermo Partnership	1	1
	$ 676,421	$ 2,292,991

(a) The Company, through TFCC LanQueen Ltd. entered into a partnership agreement (the "Queen Agreement"), whereby TFCC LanQueen Ltd. is committed to investing in a redevelopment project located in Toronto, Ontario. The Queen Agreement allows TFCC LanQueen Ltd. to receive a 3% fee at the time of commitment and an amount by way of a preferred return equal to 10% per annum calculated and compounded annually on the amount of its investment in the partnership. As at December 31, 2021, total contributions in the partnership were $1,264,208. During the year ended December 31, 2021, the project was considered substantially completed and the Company received a distributions of $1,063,484 (December 31, 2020 - nil) and a return of capital of $849,310. At December 31, 2021, a fair value gain of $205,556 (December 31, 2020 - $149,120) was recorded on the investment and recorded under “Fair value adjustment gain – portfolio investments” in the Consolidated Statements of Income and Comprehensive income.

(b) The Company, through TFCC International Ltd., entered into a partnership agreement (the "Savannah Agreement"), whereby TFCC International Ltd. committed to investing $2,000,000 through a partnership interest (the "Savannah Partnership") in a development project (the "Savannah Project") located in Savannah, Georgia. The Savannah Agreement allows TFCC International Ltd. to receive a preferred return equal to 11% per annum calculated and compounded monthly on the amount of its investment in the Savannah Partnership. TFCC International Ltd. is also entitled to receive 50% of the net profit after the Savannah Partnership makes distributions to other partners at a rate equal to 11% per annum calculated and compounded monthly. As at December 31, 2021, TFCC International Ltd.’s total contributions in the Savannah Partnership was $100,243 and the preferred return was $54,285, which was recorded under “Fair value adjustment gain – portfolio investments” in the Consolidated Statements of Income and Comprehensive income.

As previously noted, TFCC International Ltd. also committed to advance a principal amount of first mortgage loan up to $18,000,000 to the Savannah Project, subject to meeting certain funding conditions (refer to Loan and Mortgage Investments section).

(c) The Company, through TFVC, had a limited partnership interest in a partnership in Toronto. The fair value of the investment at December 31, 2021 is $1 (December 31, 2020 - $1).

The following table summarizes the changes in the portfolio investments for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 2,292,991	$ 2,042,937
Investment made	-	59,243
Return of investment	(1,912,794)	-
Fair value adjustment	259,841	149,120
Foreign exchange	36,383	41,691
Balance, end of year	$ 676,421	$ 2,292,991

INVESTMENT IN ASSOCIATES

The following table presents details of the investment in associates as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
(a) Investment in the Lan Partnership	$ 791,181	$ 1,945,963
(b) Investment in the TF Royal Palm	1,383,346	1,166,432
(c) Investment in TFCC Senior Debt Fund I LP	2,174,053	-
(d) Investment in TFCC US Senior Real Estate Fund II Funding LP	4,016,131	-
	$ 8,364,711	$ 3,112,395

(a) The Company and certain syndicate investors invested in a 668-unit high-rise condominium development project located in Toronto, Ontario, through a partnership interest (the "Lan Partnership"). During the year ended December 31, 2021, the Lan Partnership recorded a fair value loss of $222,222, which was recorded under “Share of loss (income) from investment in associates” in the Consolidated Statements of Income and Comprehensive Income.

At December 31, 2021, the fair value of the investment in the Lan Partnership was determined by management, using the direct comparison method.

(b) The Company, through TFCC International Ltd, and third-party investors incorporated an entity (the "TFCC Royal Palm Beach Inc.") to invest up to $7,000,000 in an assisted living development project located in Royal Palm Beach, Florida. The arrangement allows TFCC International Ltd. to receive a 2% fee at the time of commitment, an annual project management fee of $70,000, and a preferred return on the amount of its investment in the TFCC Royal Palm Beach Inc. During the year ended December 31, 2021, the Company recorded income of $251,918 and received distributions of $35,004 from the TFCC Royal Palm Beach Inc.

(c) On February 5, 2021, the Company, through its wholly owned subsidiary TFCC USA III Holding Corporation (the "TFCC USA III Holding") and third-party investors, entered into a limited partnership agreement ("Debt Fund I") whereby the investors and TFCC USA III Holding committed to advance total capital of $29,025,000 and $3,475,000, respectively. Debt Fund I entered into a loan agreement with the wholly-owned subsidiary of the Company TFCC USA III Corporation (the "TFCC USA III"). Debt Fund I secured a new $10,000,000 credit facility with a U.S. bank. Terra Firma Senior Debt Fund Corporation, a wholly-owned subsidiary of the Company, acts as a general partner of Debt Fund I. The Company exerts influence in Debt Fund I and accounts for this investment using the equity method of accounting. As at December 31, 2021, the Company through TFCC USA III owns 10.69% partnership interest in Debt Fund I which was recorded under “Investment in associates” in the Consolidated Statement of Financial Position.

During the year ended December 31, 2021, Debt Fund I received capital contributions from investors and TFCC USA III Holding totaling $17,995,500 and $2,154,500, respectively, borrowed $5,920,786 against the credit facility and advanced a loans payable of $25,669,114 to TFCC USA III. For the year ended December 31, 2021, the Company received distributions of $156,599 and recognized its share of income of $157,487 and which was recorded under “Share of loss (income) from investment in associates” in the Consolidated Statements of Income and Comprehensive Income.

(d) On December 7, 2021, the Company, through its wholly owned subsidiary TFCC USA III Holding and third-party investors, entered into a limited partnership agreement ("Debt Fund II"). As at December 31, 2021, the investors and TFCC USA III Holding committed to advance total capital of $33,587,000 and $4,000,000, respectively. Debt Fund II entered into a loan agreement with TFCC USA IV Corporation (the “TFCC USA IV”). Subsequent to December 31, 2021, Debt Fund II also secured a $12,000,000 credit facility with a U.S. bank. Terra Firma Senior Debt Fund Corporation, a wholly-owned subsidiary of the Company, acts as a general partner of Debt Fund II. The Company exerts influence in Debt Fund II and accounts for this investment using the equity method of accounting.

As at December 31, 2021, the Company through TFCC USA IV owns 10.64% partnership interest in Debt Fund II which was recorded under "Investment in associates" in the Consolidated Statement of Financial Position.

During the year ended December 31, 2021, Debt Fund II received capital contributions from investors and TFCC USA III Holding totaling $33,415,479 and $4,000,000, respectively, and advanced a loans payable of $37,384,096 to TFCC USA IV. For the year ended December 31, 2021, the Company recognized its share of income of $16,131 recorded under "Share of loss (income) from investment in associates" in the Consolidated Statement of Income and Comprehensive Income.

The following table summarizes the changes in the investment in associates for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 3,112,395	$ 3,097,947
Investment made	6,154,500	136,647
Fair value adjustment	(222,222)	-
Return of capital	(992,082)	-
Income (loss) earned (incurred)	444,200	(115,494)
Distributions received	(191,603)	(37,921)
Foreign exchange	59,523	31,216
Balance, end of year	$ 8,364,711	$ 3,112,395

JOINT ARRANGEMENTS

JOINT OPERATIONS

The Company's interest in the following property is subject to joint control, and, accordingly, the Company has recorded its proportionate share of the related assets, liabilities, revenue and expenses of the properties following the proportionate consolidation method.

Montreal Street JV:

In July 2009, the Company entered into a co-tenancy agreement (the "Montreal Street JV") with a development partner and developed a retail property in Ottawa, Ontario. The land on which the store developed is subject to a 20-year land lease, with five renewal options of five years each. The Company's ownership interest in the Montreal Street JV is 55.0%. At December 31, 2021, the Company's share of net assets in Montreal Street JV was $876,089.

The financial information in respect of the Company's investment in joint operations at December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 133,582	$ 96,799
Amounts receivable and prepaid expenses	84,775	85,045
Investment property	1,747,799	1,735,712
Right of use asset	643,815	695,363
Total assets	2,609,971	2,612,919
Accounts payable and accrued liabilities	37,533	36,619
Mortgages payable	1,018,183	1,055,379
Lease obligations	678,166	713,001
Total liabilities	1,733,882	1,804,999
Net assets	$ 876,089	$ 807,920

The table below details the results of operations for the three months and years ended December 31, 2021 and 2020, attributable to the Company from its joint operations activities:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revenue				
Rental	$ 41,930	$ 40,893	$ 171,191	$ 152,571
Expenses (income)				
Property operating costs	13,113	13,882	58,013	53,896
General and administrative expenses	(816)	(231)	1,202	(1,508)
Interest expense	10,955	11,525	48,992	45,513
	23,252	25,176	108,207	97,901
Net income	$ 18,678	$ 15,717	$ 62,984	$ 54,670

INVESTMENT PROPERTY

As at December 31, 2021 and 2020, the fair value was determined by the Company's management. The Company determined the fair value of investment property in the Montreal Street JV using the direct capitalization method. Under the direct capitalization method, fair values were determined by capitalizing the estimated future normalized net operating income at the market capitalization rates. The capitalization rate used in the valuation of the property was 6.25%. At December 31, 2021 and 2020, the carrying value of the Company's proportionate share of investment property in the Montreal Street JV is $1,747,799 (C$2,208,694) and $1,735,712 (C$2,208,694), respectively.

CONVERTIBLE NOTE RECEIVABLE

On January 29, 2019, the Company entered into a loan agreement with an unrelated Ontario corporation that provides web-based crowdfunding services and holds an Exempt Market Dealer license. The loan was provided to assist in expanding its operations. The loan was made in exchange for a convertible promissory note receivable (the "Convertible Note") with a face value of CAD $2,000,000. At signing, the Company advanced $752,349 (CAD $1,000,000) of the CAD $2,000,000. During the year ended December 31, 2021, the Company advanced an additional $399,425 (CAD $500,000) and capitalized interest income of $88,974. The remaining CAD $250,000 will be advanced in tranches upon the achievement of certain key performance indicators.

The Convertible Note bears interest at the rate of 8.0% per annum, calculated and compounded semi-annually. No payments are required prior to maturity. Pursuant to the terms of the loan agreement, the Company has the option to convert the principal and accrued interest into an equity interest. The Convertible Note was receivable by demand any time after January 29, 2022. Subsequent to the year ended December 31,2021, the maturity of the Convertible Note was extended a further 12 months to January 29, 2023.

The following table summarizes the changes in the Convertible Note receivable for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 1,080,536	$ 800,531
Investment made	399,425	189,480
Interest capitalized	88,974	63,887
Foreign exchange	3,575	26,638
Balance, end of year	$ 1,572,510	$ 1,080,536

ASSETS UNDER MANAGEMENT

The Company manages assets and collects fees, and spreads on assets that are reported on the Company's consolidated statement of financial position. The Company also generates spreads, fees and/or is entitled to receive carried interest from certain investments (investment in associates and portfolio investments) in which the Company and syndicate investors invested and the syndicate investors' share of investments are not included in the Company's financial statements.

AUM (a non-IFRS financial measure) at December 31, 2021 and 2020 was $128,524,807 and $145,146,930 respectively. AUM fluctuates as a result of the funding of new investments and repayments of investments. The reduction in AUM is primarily due the early repayments of loan and mortgage investments, partially offset by the increase in the investments in finance leases.

UNFUNDED COMMITMENTS

Pursuant to certain lending and land banking (investment in finance leases) agreements, the Company is committed to funding additional advances, subject to borrowers and homebuilders meeting certain funding conditions. Unfunded commitments as at December 31, 2021 and 2020 were $119,136,773 and $48,467,520, respectively. The Company's commitments are subject to borrowers and homebuilders performing development work on the sites and being compliant under the Company's loan and land banking agreements. The funding commitments may expire without being drawn upon, and commitments do not necessarily represent future cash requirements or future assets for the Company. A portion of these funding commitments are sometimes offset by partial payments by borrowers or homebuilders as they sell or acquire portions of the Company's land collateral. Furthermore, the Company manages its unfunded commitments through forecasting cash flow from operations and considering anticipated investing and financing activities. The Company continually seeks opportunities to raise capital for loan and land banking originations through a syndicate of sophisticated, accredited investors. Overall, the Company expects to fund its commitments through various sources of financing which includes cash flow from operations, loans and mortgage syndications and Credit Facilities.

The following table summarizes the unfunded commitments for the years ended December 31, 2021 and 2020:

	Years ended	
	December 31, 2021	December 31, 2020
Loan and mortgage investments	$ 46,038,263	$ 12,804,207
Investment in finance leases	59,239,668	33,762,912
Portfolio investments	1,311,010	1,311,010
Investment in associates	12,350,000	-
Convertible note	197,832	589,391
Total Unfunded Commitments	$ 119,136,773	$ 48,467,520

The following tables summarizes the expected funding related to its unfunded commitments as well as expected repayments:

	2022	2023	2024 onwards
Funding to be made	$ (68,726,279)	$ (41,264,644)	$ (9,145,850)
Repayments	$ 53,440,958	$ 77,429,303	$ 75,936,317
Net cash inflow (outflow)	$ (15,285,321)	$ 36,164,659	$ 66,790,467

LIQUIDITY AND CASH FLOW

LIQUIDITY

The return on the Loan Portfolio is a crucial component of the Company's financial results. The Company's investment strategy focuses on the total return of assets needed to support the underlying liabilities, asset-liability management and achieving an appropriate return on capital. The Company's continued focus is to manage risks and returns and to position its Loan Portfolio to take advantage of market opportunities while attempting to mitigate adverse effects. Material changes in market conditions may adversely affect the Company's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The Company expects to be able to meet all of its obligations as they become due and to provide for the future growth of the business. The Company has a number of financing sources to fulfill its commitments including, (i) cash flow from its operating activities, (ii) loan and mortgage syndications, (iii) mortgages payable, (iv) Credit Facilities, (iv) issuance of unsecured notes payable, (v) issuance of Shares and Debentures, or any combination thereof.

CASH FLOW

The following table details the changes in cash and cash equivalents for the three months and years ended December 31, 2021 and 2020:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Cash provided by (used in) operating activities	$ 1,820,511	$ (5,914,265)	$ 2,349,355	$ 7,582,047
Cash provided by (used in) financing activities	(9,597,517)	(3,444,114)	2,237,395	(23,207,558)
Cash provided by investing activities	23,522,771	9,311,433	9,739,585	17,474,884
Increase (decrease) in cash and cash equivalents	15,745,765	(46,946)	14,326,335	1,849,373
Cash and cash equivalents, beginning of year	2,361,394	3,827,770	3,780,824	1,931,451
Cash and cash equivalents, end of year	$ 18,107,159	$ 3,780,824	$ 18,107,159	$ 3,780,824

Operating Activities

Cash provided by operating activities for the three months ended December 31, 2021 was $1,110,790 compared with cash used in operating activities of $5,914,265 for the same period in the prior year. Cash provided by operating activities for the year ended December 31, 2021, was $1,639,634 compared with $7,582,047 in the prior year. The decrease was due to was related primarily to the net cash used in and provided by lending operations.

Financing Activities

Cash flows from financing activities for the three months and years ended December 31, 2021 and 2020 are summarized in the table below:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Proceeds from loan and mortgage syndications	$ 761,263	$ 12,092,405	$ 4,595,744	$ 27,444,035
Proceeds from loan payables	42,299,496	-	66,962,099	-
Repayments of loan and mortgage syndications	(33,307,102)	(10,830,251)	(55,986,235)	(46,137,649)
Repayment from loans payable	(3,908,889)	-	(3,908,889)	-
Repayments of mortgages payable	(14,420)	(9,257)	(46,230)	(34,920)
Payment of lease obligations	-	(44,444)	-	(172,282)
Repayment of short-term unsecured loans payable	(1,966,988)	(939,023)	(1,504,406)	(1,205,850)
Proceeds from credit facilities	500,000	2,500,000	33,500,000	22,770,423
Repayments of credit facilities	(13,750,000)	(6,000,000)	(40,500,000)	(25,041,103)
Proceeds from issuance of shares, net of issue costs	8,596	-	8,596	-
Dividends paid	(219,473)	(213,544)	(883,284)	(830,212)
Cash provided by (used in) financing activities	$ (9,597,517)	$ (3,444,114)	$ 2,237,395	$ (23,207,558)

Investing Activities

Cash flows from investing activities for the three months and years ended December 31, 2021 and 2020 are summarized in the table below:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Funding of loan and mortgage investments	$ (4,379,575)	$ (3,871,106)	$ (22,739,758)	$ (33,371,925)
Repayments of loan and mortgage investments	44,333,970	10,036,618	72,649,681	53,910,395
Funding of investment in finance leases	(19,048,246)	(8,208,656)	(53,897,332)	(27,883,462)
Proceeds from sale of finance leases	7,037,638	4,453,577	18,439,527	24,966,422
Funding of investment in convertible note receivable	-	(95,078)	(399,425)	(189,480)
Recovery of loan and mortgage investments previously written-off	-	-	-	238,824
Increase in funds held in trust	-	6,996,078	-	-
Funding of investment in associates	(4,000,000)	-	(6,154,500)	(136,647)
Return of capital of portfolio investment	(421,016)	-	849,310	-
Return of capital of investment in associates	-	-	992,082	-
Funding of portfolio investment	-	-	-	(59,243)
Cash provided by (used in) investing activities	$ 23,522,771	$ 9,311,433	$ 9,739,585	$ 17,474,884

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Company defines its capital as the aggregate of shareholders' equity, loan and mortgage syndications, Credit Facilities, loans payable and mortgages payable. The Company's capital management is designed to ensure that the Company has sufficient financial flexibility in the short-term and long-term, grows cash flow and solidifies the Company's long-term creditworthiness and ensures a positive return for the shareholders.

The Company adjusts its capital structure considering general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board, may pay dividends, buy back Shares or undertake other activities as deemed appropriate under the specific circumstances. The Board reviews and approves any material transactions, not in the ordinary course of business.

As at December 31, 2021 and 2020 the total capital of the Company was as follows:

	December 31, 2021	December 31, 2020
Loan and mortgage syndications	$ 22,043,144	$ 71,374,100
Credit Facilities	(115,321)	6,700,964
Unsecured note payable	289,744	1,794,150
Mortgages payable	1,018,183	1,055,379
Loans payable	63,053,210	-
Shareholders' Equity	43,579,220	41,162,653
Total capital	$ 129,868,180	$ 122,087,246

LOAN AND MORTGAGE SYNDICATIONS

The Company enhances the Loan Portfolio through Loan Syndications, Credit Facilities and mortgages payable. These financial liabilities are designed to increase the Company's overall returns through the issuance of specific debt instruments bearing lower effective interest rates than those being realized on the Loan Portfolio itself while lowering the Company's overall risk profile.

Loan and mortgage investments are sourced through one of the following initiatives:

(1) the syndication of certain loan investments to private investors each participating in a prescribed manner on an investment-by-investment basis – in which cases, the investors rank on a pari-passu basis with the Company's share of Loan and Mortgage Investments; or

(2) conventional construction or permanent financing secured by the project or investment property – in which the Company is generally in a subordinate position to the conventional construction lenders.

The Company may initially fund the Loan Portfolio and may syndicate to other investors sourced by the Company on a pari-passu basis. The syndicated portion of the investments are sold to investors and owned by the investors in a prescribed manner and are governed by loan servicing agreements. The terms of the syndication would typically mirror the terms of the loan except for the interest rate paid to syndicated investors. In addition, the Company would retain any commitment fee and certain other fees earned from the borrower. Management of the mortgage origination, funding, payouts and delinquency (if applicable) are all administered by Terra Firma MA Ltd. (the "TFMA"), a wholly-owned subsidiary of the Company on behalf of the syndicate investors. The security documents are typically registered in the name of the Company and held in trust on behalf of the syndicated investors.

The loan servicing agreement stipulates the ownership interest of the syndicate investors in the loan investments and segregates the ownership of the syndicate investors from the Company. Each syndicated Loan and Mortgage Investment has a designated rate of return that the syndicated investors expect to earn from that Loan and Mortgage Investment. This specific rate will vary from mortgage to mortgage depending on the loan-to-value, mortgage position, location, term and exit strategy.

Under IFRS, the Company recognizes the loan and mortgage investments and the loan syndications on a gross basis. The interest income earned and related interest expense on the syndicate investors are recognized in the statements of income and comprehensive income. From a legal perspective, the syndicated portion of the loan and mortgage investments are owned by syndicate investors. The Company neither has beneficial ownership in the syndicated assets nor has any obligation with regards to the syndicated loans.

TFMA administers the Loan Syndications with all fundings from and to syndicate investors through its trust account. The Loan Syndications have no recourse to the Company, and there is no obligation of the Company to fund any principal or interest shortfalls.

The following table presents details of the loan and mortgage syndications as at December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
	Weighted Average Effective Interest Rate	Amount	% of Loans Payable	Weighted Average Effective Interest Rate	Amount	% of Loans Payable
Residential housing developments	9.9%	$ 2,502,485	11.4%	9.8%	$ 20,590,945	28.8%
Land and lot inventory	10.3%	19,540,659	88.6%	10.2%	46,733,155	65.5%
Commercial retail development	0.0%	-	0.0%	9.9%	4,050,000	5.7%
	10.3%	$ 22,043,144	100.0%	10.1%	$ 71,374,100	100.0%

At December 31, 2021, the weighted average EIR of Loan Syndications was 10.3%, consisting of the syndication of loans pertaining to residential housing developments having a weighted average EIR of 9.9% and land and lot inventory having a weighted average EIR of 10.3%. At December 31, 2021, the weighted average term to maturity of Loan Syndications was 0.98 years.

At December 31, 2021, the Company's syndication activities resulted in $85,096,354, which includes loan syndication of $22,043,144 and loans payable I of $63,053,210, or 82.7% of the Loan Portfolio (by investment amount) being syndicated to investors, yielding a net effective return of 28.5%, and increasing its overall return by 14.8% from its non-leveraged 13.7% return. At December 31, 2020, the Company's syndication activities resulted in $71,374,100 or 76.1% of the Loan Portfolio (by investment amount) being syndicated to investors, yielding a net effective return of 23.1%, and increasing its overall return by 9.9% from its non-leveraged 13.2% return. Overall, returns may fluctuate significantly due to changes in the relative dollar amounts and the relative change in the weighted average effective interest rates within the Loan Portfolio and Loan Syndications.

The following table summarizes the changes in the principal balance of Loan Syndications for the three months and years ended December 31, 2021 and 2020:

	Three months ended		Years ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 54,064,231	$ 69,502,067	$ 71,374,100	$ 88,249,414
Loan and mortgage syndication activity during the period				
Proceeds to participate in new Loan Portfolio	-	21,993,409	-	21,993,409
Additional advances to existing Loan Portfolio	761,263	(9,901,004)	4,595,744	5,450,626
Interest capitalized	521,263	471,203	2,013,807	1,952,524
Repayments of loan and mortgage syndications	(33,307,102)	(11,603,548)	(55,986,235)	(46,137,649)
Repayments of capitalized interest	-	773,297	-	-
Unrealized foreign exchange loss (gain)	3,489	138,676	45,728	(134,224)
Balance, end of period	$ 22,043,144	$ 71,374,100	$ 22,043,144	$ 71,374,100

The following table sets out, as at December 31, 2021, scheduled principal repayments and amounts maturing on the Loan Syndications to be paid over each of the next three years as follows:

	Scheduled principal payments	Loan and mortgage syndications maturing during the year
2022	-	15,333,674
2023	-	6,709,470
	$ -	$ 22,043,144

UNSECURED NOTE PAYABLE

As at December 31, 2021, the Company has an unsecured promissory note payable (the "Unsecured Note") to an unrelated third-party investor for $3,000,000. The Unsecured Note provides the holder a right to receive a percentage return equivalent to the performance of certain of the Company's investments up to a percentage return equivalent to an interest rate of 15% per annum compounded annually, payable monthly. The Unsecured Note has recourse only to certain investments of the Company. The Unsecured Note repayment is limited to the return and proceeds from these investments, and the Unsecured Note only has recourse to the Company as it relates to the performance of certain investments of the Company. The Unsecured Note matures on December 31, 2022. Proceeds from the Unsecured Note were used to fund certain loan and mortgage investments. The Unsecured Note enabled the Company to increase its overall non-leveraged return on these investments. For the year ended December 31, 2021, interest relating to the Unsecured Note was $97,745.

MORTGAGES PAYABLE

The Company's share of the principal balance of mortgages payable held in joint operations through the Montreal Street JV, at December 31, 2021 was $1,018,183. The mortgages bear interest at 2.5% per annum and are amortized over 15 years and mature on July 1, 2026.

The details of the mortgages payable in respect of the Company's proportionate share of the joint operations at December 31, 2021 and 2020 are as follows.

	December 31, 2021	December 31, 2020
Mortgage principal	$ 1,018,183	$ 1,056,723
Unamortized financing costs	-	(1,344)
Total	$ 1,018,183	$ 1,055,379

The following table summarizes the changes in the principal balance of mortgages payable for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 1,056,723	$ 1,070,973
Repayments made	(46,230)	(34,920)
Foreign exchange	7,690	20,670
Balance, end of year	$ 1,018,183	$ 1,056,723

Scheduled principal repayments and maturity amounts of mortgages payable at December 31, 2021 are as follows:

	Scheduled principal payments	Mortgages maturing during the year	Total mortgages payable
2022	58,419	-	58,419
2023	59,934	-	59,934
2024	61,475	-	61,475
2025 and thereafter	100,583	737,772	838,355
	$ 280,411	$ 737,772	$ 1,018,183

CREDIT FACILITIES

On January 14, 2020, the Company entered into a $40,000,000 secured LOC with the lending institution in the U.S., replacing the $35,000,000 master credit facility (the "Master Facility") the Company had with the same lending institution to finance the loan and mortgage investments funded by the Company. The LOC requires the Company to obtain a lending approval from the institution on an annual basis. The LOC carries an interest rate of three-month LIBOR plus three and one-quarter of one percent (3.25%) per annum, with a floor rate of five percent (5.00%) per annum and matures on January 9, 2024. The LOC is subject to a redetermination of a borrowing capacity, calculated as a percentage of eligible loan and mortgage investments and investment in finance leases and subject to certain adjustments. At December 31, 2021, the borrowing capacity was $18,560,680. Subsequent to the year ended December 31, 2021, due to the financial institution exiting the land financing sector, the financial institution exercised its option to limit the Company's borrowing capacity until maturity of the loan. The Company is currently in the final stages of closing a new secured LOC from a different U.S. lending institution for $20,000,000 with an accordion feature for an addition $20,000,000 to replace the Company's existing LOC, which is anticipated to close by the end of April 2022.

As at December 31, 2021, the Company incurred lender and third-party costs of $750,339. The costs associated with the LOC have been deferred and are being amortized over the term of the LOC as interest expense using the effective-interest amortization method. For the year ended December 31, 2021, amortization of deferred financing costs relating to the credit facilities totaled $384,528. The accumulated amortization as at December 31, 2021 is $635,018.

The following table presents details of the Credit Facilities as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Face value	$ -	$ 7,000,000
Unamortized financing costs	(115,321)	(299,036)
Total credit facilities	$ (115,321)	$ 6,700,964

The following table summarizes the changes in the Credit Facilities for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 7,000,000	$ 9,221,447
Proceeds from facilities	33,500,000	22,770,423
Repayments made	(40,500,000)	(25,041,103)
Interest capitalized	-	49,233
Balance, end of year	$ -	$ 7,000,000

The terms of the Credit Facilities require the Company to comply with certain covenants. If the Company fails to comply with these covenants, the lenders may declare an event of default. At December 31, 2021 and 2020, the Company was in compliance with these covenants.

LOANS PAYABLE

On February 5, 2021, the Company, through TFCC USA III, entered into a new loan agreement with Debt Fund I. Debt Fund I agreed to advance up to a total of $32,500,000 in a loans payable to the Company to invest in certain finance leases. The loan carries an interest rate of 10.25% per annum, paid monthly in arrears and matures on February 5, 2024. The interest and principal on this loan are payable from the proceeds from these investments and has limited recourse from these investment in finance leases.

As at December 31, 2021, Debt Fund I advanced $25,669,114 to TFCC USA III and incurred interest expense of $1,702,360 on this loan. The interest and principal on this loan are payable from the proceeds from these investments.

On December 6, 2021, the Company, through TFCC USA IV, entered into a new loan agreement with Debt Fund II. Debt Fund II agreed to advance up to a total of $150,000,000 in a loans payable to the Company to invest in certain finance leases. The loan carries an interest rate of 10% per annum, paid monthly in arrears and matures on December 6, 2024. The interest and principal on this loan are payable from the proceeds from these investments and has limited recourse from these investment in finance leases.

As at December 31, 2021, Debt Fund II advanced $37,384,096 to TFCC USA IV and incurred interest expense of $215,149. The interest and principal on this loan are payable from the proceeds from these investments.

LEASE OBLIGATIONS

The Company has a lease commitment on its head office premises located at 22 St. Clair Avenue East, Toronto, Ontario and a land lease on the Montreal Street JV located in Ottawa, Ontario with a lease term greater than 12 months resulted in recognition of a right-of-use asset and a corresponding lease liability.

On September 30, 2020, the Company entered into a new lease agreement (the "New Lease") to lease its head office premises located at 22 St. Clair Avenue East, Toronto, Ontario. The New Lease has two years and four months commencing on January 1, 2021, under similar terms as the existing lease.

The right-of-use asset represents the Company's right to control the use of the head office premises and the land lease on the Montreal Street JV for the lease term. The right-of-use asset and lease obligations at December 31, 2021 were $851,833 and $881,314, respectively.

The future minimum lease payments, which includes estimated operating costs for the next five years and thereafter, are as follows:

	Amount
2022	266,795
2023	130,504
2024	60,932
2025	67,461
2026 and thereafter	619,695
	$ 1,145,387

COMMITMENTS AND CONTINGENCIES

Pursuant to certain lending agreements, the Company is committed to funding additional loan advances. The unfunded loan commitments under the existing lending agreements at December 31, 2021 were $46,038,263. The Company's commitments include conditions, such as borrowers reaching certain milestones before the Company's commitment would become available. The funding commitments may expire without being drawn upon, and commitments do not necessarily represent future cash requirements or future earning assets for the Company.

At December 31, 2021, the unfunded commitments to make additional investments for the development of the lands under the finance lease arrangements, subject to builders meeting certain funding conditions, were $59,239,668.

The Company is also committed to providing its proportionate share of additional capital to joint operations in accordance with contractual agreements.

From time to time, the Company may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Company.

SHAREHOLDERS' EQUITY

SHARES

The following table summarizes the changes in Shares for the years ended December 31, 2021 and 2020:

	Shares	Amount
Outstanding, December 31, 2020	5,564,968	$ 25,283,343
Issuance of shares pursuant to share option plan	2,500	9,664
Outstanding, December 31, 2021	5,567,468	$ 25,293,007

DIVIDENDS

The Board determines the level of dividend payments. Although the Company does not have a formal dividend policy, it started dividend payments and plans to maintain regular quarterly dividends. Dividends are recognized in the period in which they are formally declared by the Board.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Number of options		Weighted average exercise price in CAD	Number of options		Weighted average exercise price in CAD
Outstanding - beginning of period	499,000	$	4.96	351,089	$	6.95
Granted	20,000		5.95	335,000		4.37
Exercised	(2,500)		4.28	-		-
Expired	-		-	(97,089)		8.50
Cancelled	(2,500)		4.28	(90,000)		6.70
Outstanding - end of period	514,000	$	5.00	499,000	$	4.96
Number of options exercisable	316,248	$	5.30	217,916	$	5.71

SHARE-BASED COMPENSATION

Share Option Plan

Pursuant to the Plan, the Company may grant eligible directors, officers, senior management and consultants options to purchase Shares. The exercise price of each option shall be determined by the Board and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the Exchange, the Board may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist, provided that no option shall be exercisable after seven years from the date on which it is granted. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods.

On November 18, 2021, the Company granted options to one of its consultants to purchase up to 20,000 Shares at a price of CAD $5.95 per Share, with the expiry date of November 18, 2028. The options shall vest in equal installments on a quarterly basis over a three-year period.

On June 26, 2020, the Company granted options to one of its employees to purchase up to 25,000 Shares at a price of C$4.05 per share with the expiry date of June 26, 2027. The options shall vest in equal installments quarterly over a three-year period.

On April 6, 2020, the Company granted options to its officers and employees to purchase up to 285,000 Shares at a price of C$4.28 per Share with the expiry date of April 6, 2027. The options shall vest in equal installments quarterly over a three-year period.

On January 6, 2020, the Company granted options to one of its employees to purchase up to 25,000 Shares at a price of C$5.70 per Share with the expiry date of January 6, 2027. The options shall vest in equal installments quarterly over a three-year period.

The fair value of the share options granted was estimated on each of the dates of the grant, using the Black-Scholes option-pricing model, with the following assumptions:

	Options grant date			
	November 18, 2021	June 26, 2020	April 6, 2020	January 6, 2020
Average expected life	7.00 years	7.00 years	7.00 years	7.00 years
Average risk-free interest rate	0.98%	0.41%	0.65%	1.58%
Average expected volatility	25.95%	27.54%	25.76%	25.95%
Average dividend yield	1.01%	4.94%	4.67%	3.09%

The fair value of options granted on November 18, 2021, June 26, 2020, April 6, 2020 and January 6, 2020, was $17,523, $12,940, $151,585, and $26,522, respectively.

The following is the summary of changes in the Company's share options for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price in CAD	Number of options	Weighted average exercise price in CAD
Outstanding - beginning of year	499,000	$ 4.96	351,089	$ 6.95
Granted	20,000	5.95	335,000	4.37
Exercised	(2,500)	4.28	-	-
Expired	-	-	(97,089)	8.50
Cancelled	(2,500)	4.28	(90,000)	6.70
Outstanding - end of year	514,000	$ 5.00	499,000	$ 4.96
Number of options exercisable	316,248	$ 5.30	217,916	$ 5.71

The following summarizes the Company's share options as at December 31, 2021:

Number of options outstanding	Expiry date	Number of options exercisable	Exercise price in CAD	Market price at date of grant
50,000	June 28, 2023	50,000	5.70	5.20
56,000	December 27, 2023	56,000	6.50	6.50
34,000	December 21, 2024	34,000	6.70	6.70
24,000	June 11, 2026	20,000	5.60	5.60
25,000	January 6, 2027	14,581	5.70	5.70
280,000	April 6, 2027	127,500	4.28	4.28
25,000	June 26, 2027	12,500	4.05	4.28
20,000	November 18, 2028	1,667	5.95	5.95
514,000		316,248		

Deferred Share Unit Plan

The Company has a DSU Plan to promote greater alignment of interests between directors, officers and employees and the shareholders of the Company by linking a portion of the annual director retainer and annual bonus to officers or employees to the future value of the Shares by awarding DSUs as compensation for services rendered.

At the beginning of each year, the Board will determine which board members or employees will be eligible to participate in the DSU Plan and the dollar amount that can be contributed to the DSU Plan. Unless authorized by the Board, the directors and employees will continue to receive their annual retainer and bonus, respectively, in cash.

Each DSU has the same value as one Share (based on the five-day volume-weighted average trading price) and in the event dividends are paid on the Shares, it accrues dividend equivalents in the form of additional DSUs based on the dividend paid on a Share. The number of additional DSUs granted as of a dividend payment date is determined by dividing the aggregate amount obtained by multiplying the dividends paid on each Share by the number of DSUs in each participant's account on the dividend record date by the market value of the Shares on the dividend payment date.

Directors must retain DSUs until they leave the Board, or in the case of officers or employees, until their employment is terminated, at which time the redemption payment, equal to the value of the DSUs, calculated as the volume-weighted average closing price of the Shares for the last five days preceding the redemption date, net of applicable taxes will be paid out.

The following table presents the changes in DSUs for the years ended December 31, 2021 and 2020:

	Number of DSUs	
	Year ended December 31, 2021	Year ended December 31, 2020
DSUs outstanding, beginning of period	304,344	302,371
Granted	9,951	14,978
Settled	-	(13,005)
DSUs outstanding, end of period	314,295	304,344
Number of DSUs vested	314,295	304,344

During the year ended December 31, 2021, the Company granted 9,951 of DSUs based on the dividend paid on Shares.

The total cost (recovery) recognized with respect to DSUs, including the change in fair value of DSUs during the year ended December 31, 2021 was $127,051.

Each DSU has the same value as one Share (based on the five-day volume-weighted average trading price) and, in the event, dividends are paid on the Shares, accrues dividend equivalents in the form of additional DSUs based on the amount of the dividend paid on a Share. The carrying amount of the liability, included in accounts payable and accrued liabilities, relating to the DSUs at December 31, 2021 was $1,480,006.

CONTRIBUTED SURPLUS

The following table presents the details of the changes to the contributed surplus balances for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 3,618,440	$ 3,440,695
Share options	(1,068)	177,745
Balance, end of year	$ 3,617,372	$ 3,618,440

DEBT TO EQUITY RATIO

IFRS requires that the loan and mortgage syndications be included as part of the company's assets and offsetting liabilities. Given that the loan and mortgage syndications have no recourse or risk to the Company, management believes that the loan and mortgage syndications should be subtracted from the Company's debt to better depict the Company's debt to equity ratio (a Non-IFRS financial measure). The significantly lower adjusted debt to equity ratio represents the Company's position with much lower leverage and risk.

The following table provides details of the Company's adjusted debt to equity ratio as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Total debt	$ 86,288,960	$ 80,924,593
Less: loan and mortgage syndications and unsecured note payable	(85,386,098)	(73,168,250)
Adjusted total debt	$ 902,862	$ 7,756,343
Shareholders' equity	$ 43,579,220	$ 41,162,653
Debt to equity (1)	1.98:1.00	1.97:1.00
Adjusted debt to equity (1)	0.02:1.00	0.19:1.00

(1) Total debt, adjusted total debt, debt to equity and adjusted debt to equity are non-IFRS Measures. See "Non-IFRS" Measures.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

Related party transactions are measured at the exchange amount, which is the amount of consideration established and offered by related parties.

KEY MANAGEMENT PERSONNEL COMPENSATION

The Company's key management personnel include the Executive Vice Chairman, President and Chief Executive Officer, Chief Financial Officer, Managing Directors, and the Board.

During the years ended December 31, 2021 and 2020, no key management personnel was personally indebted to the Company.

Aggregate compensation for key management personnel for years ended December 31, 2021 and 2020 was as follows:

	December 31, 2021	December 31, 2020
Short-term employee benefits	$ 1,714,237	$ 1,616,608
Share-based compensation	127,896	129,598
Total	$ 1,842,133	$ 1,746,206

LOAN AND MORTGAGE SYNDICATIONS

Certain of the Company's loan and mortgage investments are syndicated with other investors of the Company, which may include officers or directors of the Company. The Company ranks equally with other members of the syndicate as to payment of principal and interest. At December 31, 2021, the loan and mortgage investments syndicated by officers and directors was $1,297,658.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies and methods of their application as those described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2021, which can be found under the Company's profile at WWW.SEDAR.COM.

USE OF ESTIMATES

The preparation of the Company's audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements and the reported amounts of income and expenses during the year. Actual results may differ from these estimates.

In making estimates, the Company relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with the prior year. There are no known trends, commitments, events, or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these audited consolidated financial statements.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant are disclosed separately. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these audited consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could also differ from those estimates under different assumptions and conditions.

Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of these audited consolidated financial statements and the reported amounts of revenue and expenses during the years. Actual results could also differ from those estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with the Company's future operating assumptions and expectations as compared to prior periods. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the Company's estimate of the ACL and investments measured at FVTPL, both in the short term and in the long term.

FINANCIAL INSTRUMENTS

The Company, as part of its operations, carries a number of financial instruments. The Company's financial instruments consist of cash and cash equivalents, funds held in trust, interest and other receivables, the Loan Portfolio, portfolio investments, investment in associates, investment in finance leases, Convertible Note, lease obligation, loan and mortgage syndications, the Master Facility, loans payable and mortgage payable.

The fair value of interest and other receivables approximate their carrying values due to their short-term maturities.

The fair value of the Loan Portfolio, investment in finance leases, Convertible Note, Loan Syndications, mortgages payable, Unsecured Note, and Credit Facilities approximate their carrying value as they are short-term in nature. There is no quoted price in an active market for the Loan Portfolio or Loan Syndications. The Company makes the determinations of fair value based on its assessment of the current lending market for Loan Portfolio of the same or similar terms. As a result, the fair value is based on Level 3 on the fair value hierarchy.

The Company uses various methods in estimating the fair values recognized in the audited consolidated financial statements. The fair value hierarchy reflects the significance of inputs used in determining fair values.

- Level 1 - quoted prices in active markets
- Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 - valuation technique for which significant inputs are not based on observable market data.

The fair values of the Company's investment property, Portfolio Investments, investment in associates, and non-controlling interest are determined by using Level 3 inputs at December 31, 2021 and 2020 and no amounts were transferred between fair value levels during the three months and years ended December 31, 2021 or 2020.

OFF-BALANCE SHEET ITEMS

As of both December 31, 2021, the Company did not have any off-balance sheet (consolidated statement of financial position) arrangements.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities of the Company and in the activities of the Company, including the following, which current and prospective holders of securities of the Company should carefully consider. If any of the following or other risks occur, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of the Company could decline, and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

MARKET RISK

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market price, whether the changes are caused by factors specific to the investment or factors affecting all securities in the market.

The Company's objective of managing this risk is to minimize the volatility of earnings. The Company mitigates this risk by charging interest rates, which are significantly above normal banking rates.

CREDIT RISK

Credit risk is the risk of financial loss from the failure of a borrower, for any reason, to fully honour its financial or contractual obligations to the Company, primarily arising from the Company's loan and mortgage investment activities. Fluctuations in real estate values may increase the risk of default and reduce the collateral property's net realizable value to the Company. Credit losses occur when a borrower fails to meet its obligations to the Company, and the value realized on the sale of the underlying security deteriorates below the carrying amount of the exposure.

The Company is exposed to credit risk on all of its financial assets, and its exposure is generally limited to the carrying amount on the consolidated statements of financial position.

Cash and cash equivalents are held with financial institutions that management believes are of high credit quality.

The Company mitigates the risk of credit losses on its Loan Portfolio by maintaining strict credit policies and conducting thorough investment due diligence, ensuring loans and mortgages have the risk-adjusted loan to value, together with personal guarantees by the borrowers and parties related to the borrowers, reviewing and approving new loans and mortgages and continually monitoring change in the value of underlying collateral.

The Company regularly reviews the Loan Portfolio and interest receivable listing for balances in arrears and follows up with clients as needed regarding payment. For individual accounts in arrears where discussion with the client has not succeeded, foreclosure proceedings commence. The amounts receivable includes accrued interest and legal and other costs related to attempts at collection. Where the loan investments are collateralized by real property and losses are recognized to the extent that recovery of the balance through the sale of the underlying property is not reasonably assured.

The Company syndicates its loan and mortgage investments with investors on a pari-passu basis. The syndicated portion of the loan and mortgage investments are owned by syndicate investors. The Company neither has beneficial ownership in the syndicated assets nor has any obligation with regards to the syndicated loans. The Company assesses its credit risk and its ACL on loan and mortgage investments, net of syndication. Additionally, the Company finances certain of its loan and mortgage investment and investment in finance lease with the loans payable.

INTEREST RATE RISK

Interest rate risk arises due to exposure to the effects of future changes in the prevailing level of interest rates. The Company is exposed to interest rate risk from fluctuations in interest rates, primarily on loan and mortgage investments, debentures payable, loan and mortgage syndications, and mortgages payable.

The Company mitigates its exposure to this risk by entering into contracts having either fixed interest rates or interest rates pegged to prime for its loan and mortgage investments, loan and mortgage syndications, mortgages payable, and asset-liability matching. Such risk is further mitigated by the generally short-term nature of loan and mortgage investments.

The Company's LOC carries an interest rate based on LIBOR. On March 5, 2021, the Financial Conduct Authority announced that panel bank submissions for certain LIBOR settings would cease as at December 31, 2021 and the remainder on June 30, 2023, after which representative LIBOR rates will no longer be available. The Company's LOC carries an interest rate based on LIBOR. The Company also holds debt instruments that will be impacted by any potential changes to the June 30, 2023 LIBOR cessation date. The Company plans to amend in-place agreements to a new benchmark or implement appropriate fallback provisions as applicable in response to the IBOR reform prior to or by the June 30, 2023 effective date.

LIQUIDITY RISK

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it always has sufficient liquidity to meet its liabilities when they come due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's creditworthiness.

The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

If the Company is unable to continue to have access to its loans and mortgage syndications and revolving operating facility, the size of the Company's loan and mortgage investments will decrease, and the income historically generated by holding larger investments by utilizing leverage will not be earned.

OTHER PRICE RISK

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the Company's ability to carry out the objectives of the Company or cause the Company to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of the Company's foreign currency-denominated Loan Portfolio, Loan Syndications, and cash and cash equivalents will fluctuate based on changes in foreign currency exchange rates.

Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. Consequently, the Company is subject to currency fluctuations that may impact its financial position and results. The Company manages its currency risk on Loan Portfolio by syndicating and or borrowing in the same currency.

CYBER SECURITY RISK

Cybersecurity has become an increasingly problematic issue for issuers and businesses. Cyber-attacks against organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use, or disrupting business operations. A cyber-incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of the Company's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data, or steal confidential or personal information. As the Company's reliance on technology has increased, so have the risks posed to its systems. The Company's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to the Company's business relationships, disclosure of confidential information regarding third parties with whom the Company interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny and litigation. The Company has implemented processes, procedures, and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that the Company will be able to prevent all such incidents or detect and remedy such incidents in a timely manner, which could then have a negative impact on the Company's financial results and the price of the Company's securities.

GENERAL BUSINESS RISKS

The Company is subject to general business risks and risks inherent in commercial and residential real estate lending, including the making of loans secured by real estate and the development and ownership of real property. Income and gains from the Company's investments may be adversely affected by:

i. civil unrest, acts of God, including earthquakes and other natural disasters, acts of terrorism or war, and public health crises such as the current outbreak of the novel coronavirus, COVID-19 (discussed below),

ii. changes in national or local economic conditions,

iii. changes in real estate assessed values and taxes payable on such values and other operating expenses,

iv. the inability of developers to sell development land,

v. changes in demand for newly constructed residential units,

vi. changes in real estate assessed values and taxes payable on such values and other operating expenses, or

vii. changes in interest rates and in the availability, cost and terms of any mortgage or other development financing.

Any of the foregoing events could impact the ability of borrowers to timely repay (if at all) loans made by the Company, negatively impact the value or viability of a development project in which the Company has invested or negatively impact the value of portfolio properties of the Company or their ability to generate positive cash flow.

In addition, the Company may be unable to identify and complete investments that fit within its investment criteria. The failure to make a sufficient number of these investments would impair the future growth of the Company.

The Covid-19 pandemic restrictions have impacted economic activity, and this may continue to adversely impact global activity. As of date hereof the federal and provincial governments have eased and/or removed the pandemic restrictions though there is still considerable uncertainty related to the pace and extent of economic recovery. Although residential development continued to perform well, the Company cannot predict that this will continue. The enhanced risks associated with COVID-19 include, but are not limited to: a reduction in interest income and an increase in credit loss provisions in the event that financial hardship causes an inability of borrowers to make contractual principal and interest payments to the Company on a timely basis; deterioration in the ability of the Company to achieve expected values on a timely basis from asset sales in connection with loan realizations and the ability to access capital markets at a reasonable cost. The Company continues to monitor the COVID 19 pandemic and its impact on its borrowers, lenders, investors, and the economy as a whole. These factors could further materially and adversely affect the Company's results and financial condition.

The enhanced risks associated with COVID-19 include, but are not limited to: a reduction in interest income and an increase in credit loss provisions in the event that financial hardship causes an inability of borrowers to make contractual principal and interest payments to the Company on a timely basis; deterioration in the ability of the Company to achieve expected values on a timely basis from asset sales in connection with loan realizations and the ability to access capital markets at a reasonable cost.

Contractual obligations as at December 31, 2021, are due as follows:

	Less than 1 year	Over 2 years	Total
Accounts payable and accrued liabilities	$ 7,793,961	$ -	$ 7,793,961
Mortgages payable	1,018,183	-	1,018,183
Loans payable	-	63,053,210	63,053,210
	$ 8,812,144	$ 63,053,210	$ 71,865,354

SUBORDINATED DEBT FINANCING

Subordinated financings that the Company carries would generally be considered riskier than primary financing because the Company will not have a first-ranking charge on the underlying property. When a charge on a property is in a position other than first-ranking, it is possible for the holder of a prior charge on the property to realize on the security given for the loan, in priority to and to the detriment of the Company's security interest in such property or security.

DEVELOPMENT STRATEGY

Any development projects in which the Company invests are subject to a number of risks, including, but not limited to:

(i) construction delays or cost overruns that may increase project costs,
(ii) financing risks,
(iii) the failure to meet anticipated occupancy or rent levels,
(iv) failure to meet anticipated sale levels or prices,
(v) failure to receive required zoning, land use, and other governmental permits and authorizations and/or

(vi) changes in applicable zoning and land use laws.

INVESTMENTS IN JOINT OPERATIONS

In any joint operations in which the Company invests, the Company may not be in a position to exercise sole decision-making authority. Investments in joint operations may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint operations partners might become bankrupt or fail to fund their share of required capital contributions. Joint operations partners may have business interests or goals that are inconsistent with the Company's business interests or goals and be in a position to take actions contrary to the Company's policies or objectives. Any disputes that may arise between the Company and its joint operations partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on the Company's business. In addition, in certain circumstances, the Company might be liable for the actions of its joint operations partners.

REGULATORY RISK

The Government of Ontario has announced plans to transfer responsibility for syndicated mortgage investments from the Financial Services Commission of Ontario to the Ontario Securities Commission. In relation to the foregoing, the Canadian Securities Administrators have published for comment proposed changes to substantially harmonize the regulatory framework for syndicated mortgages in Canada. Under the proposed amendments, prospectus and registration exemptions that currently apply to syndicated mortgages in certain jurisdictions (including Ontario) would be removed. Additionally, if adopted, the amendments would introduce revisions to the offering memorandum exemption to provide heightened disclosure for investors. In certain circumstances, issuers would be required to deliver property appraisals prepared by an independent qualified appraiser. The proposed amendments would also exclude syndicated mortgages from the private issuer exemption. The Company is assessing the proposed regulatory amendments and cannot predict what the final regime will look like and how it will impact the Company's business and results.

The Government of Ontario made regulatory amendments to Ontario Regulation (O. Reg.) 188/08 Mortgage Brokerages: Standards of Practice under the Mortgage Brokerages, Lenders and Administrators Act, 2006 ("MBLAA"), effective July 1, 2018. The amendments require mortgage brokerages transacting in syndicated mortgages that do not meet the regulatory definition of a qualified syndicated mortgage ("non-qualified syndicated mortgages") to, among other things: (a) the collection and documentation, on Superintendent of the FSCO approved forms, information relating to knowing the client, including information about the financial circumstances, investment needs and objectives, risk tolerance, level of financial knowledge, investment experience and relationship with the mortgage brokerage (if any) of the prospective investor/lender; (b) the completion an assessment of whether or not the proposed non-qualified syndicated mortgage is suitable for the prospective investor/lender given the information about the investor/lender in (a) and the features and risks of the proposed syndicated mortgage investment; and (c) expanded disclosures to each prospective investor/lender regarding, for example, property appraisal and, in cases where the borrower is not an individual, the financial statements of the borrower. In addition, mortgage brokerages are required to update their policies and procedures that are designed to ensure that the mortgage brokerage and its mortgage brokers and agents comply with all the requirements established under the MBLAA to be compliant with the amended regulations to now include how the mortgage brokerage will verify that an investor/lender is eligible to invest in, or make a loan in respect of, a non-qualified syndicated mortgage.

The Company is currently in the process of updating its policies and creating internal procedures along with other market participants to adopt and implement these new requirements. These regulatory amendments are not expected to have a material impact on the Company's business.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is not required to certify the design and evaluation of its disclosure controls and procedures. Inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, disclosure controls and procedures for the Company may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes for the years ended December 31, 2021, and 2020.

The following table shows information for revenues, profit, total assets, total liabilities, shareholders' equity, and earnings per share amounts for the periods noted therein:

	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Total assets	$ 139,305,967	$ 133,052,468	$ 148,231,267
Total liabilities	$ 95,726,747	$ 91,889,815	$ 108,595,895
Total equity	$ 43,579,220	$ 41,162,653	$ 39,635,372
Loan and mortgage investments	$ 47,089,194	$ 93,808,332	$ 116,820,582
Investment in finance leases	$ 55,849,312	$ 20,530,716	$ 17,959,374
Loan and mortgage syndications and loans payable	$ 85,096,354	$ 71,374,100	$ 88,249,414
Loan and mortgage syndications to loan and mortgage investments and investment in finance lease	82.7%	62.4%	65.5%

	Three months ended		Years ended		
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2019
Total revenue	$ 4,319,767	$ 3,587,417	$ 16,241,159	$ 15,461,784	$ 16,656,306
Total expenses	$ 2,492,885	$ 2,827,183	$ 11,769,395	$ 12,764,730	$ 12,569,591
Income from operations before income taxes	$ 1,826,882	$ 760,234	$ 4,471,764	$ 2,697,054	$ 4,086,715
Net income and comprehensive income attributable to common shareholders	$ 1,370,507	$ 846,043	$ 3,340,552	$ 2,169,238	$ 3,077,757
Diluted net income and comprehensive income attributable to common shareholders	$ 1,370,507	$ 846,043	$ 3,340,552	$ 2,169,238	$ 3,077,757
Adjusted net income and comprehensive income attributable to common shareholders (1)	$ 750,278	$ 531,656	$ 2,877,283	$ 2,861,690	$ 3,323,912
Adjusted diluted net income and comprehensive income attributable to common shareholders (1)	$ 750,278	$ 531,656	$ 2,877,283	$ 2,861,690	$ 3,323,912
Weighted average number of shares outstanding					
Basic	5,566,381	5,570,451	5,565,323	5,564,968	5,675,671
Diluted	5,676,265	5,595,912	5,644,662	5,618,522	5,675,671
Earnings per share					
Basic	$ 0.25	$ 0.15	$ 0.60	$ 0.39	$ 0.54
Diluted	$ 0.24	$ 0.15	$ 0.59	$ 0.39	$ 0.54
Adjusted earnings per share (1)					
Basic	$ 0.13	$ 0.10	$ 0.52	$ 0.51	$ 0.59
Diluted	$ 0.13	$ 0.10	$ 0.51	$ 0.51	$ 0.59

(1) Adjusted net income and diluted net income attributable common shareholders and adjusted earnings per share are Non-IFRS Financial Measures. See "Non-IFRS Financial Measures".

The following table sets out the Company's quarterly results of operations for the eight quarterly periods ended December 31, 2021:

	Three months ended							
	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Revenue								
Interest and fees earned	2,730,395	2,803,709	2,849,254	2,796,724	2,904,000	$ 3,435,583	$2,967,009	$3,356,405
Finance income	1,547,442	1,363,762	1,192,719	785,963	642,524	635,267	737,218	631,207
Rental income	41,930	45,355	43,347	40,559	40,893	38,384	35,768	37,526
	4,319,767	4,212,826	4,085,320	3,623,246	3,587,417	4,109,234	3,739,995	4,025,138
Expenses								
Property operating expenses	13,113	15,014	15,049	14,837	13,882	13,538	13,051	13,425
General and administrative expenses	1,397,956	959,694	1,132,855	737,684	1,216,807	617,904	731,795	739,059
Share based compensation	(112,829)	(122,853)	302,662	60,071	305,272	69,541	113,965	(209,554)
Interest and financing costs	2,180,521	2,309,715	2,112,967	1,985,778	1,821,066	1,990,122	2,086,628	2,278,430
Provision for (recovery of) loan and mortgage investment loss	(527,837)	-	(109,187)	(46,135)	-	(17,767)	811,234	105,737
Provision for investment in finance lease loss	(231,222)	52,494	154,327	103,783	41,061	-	-	-
Provision for uncollectible receivables	(9,776)	-	9,776	-	-	-	161,428	-
Realized and unrealized foreign exchange (gain) loss	(20,337)	76,963	(126,171)	(77,698)	(364,687)	(189,833)	(359,638)	795,890
Fair value adjustment - portfolio investments	(259,841)	-	-	-	(149,120)	-	-	-
Share of (income) loss from investment in associates	63,137	(118,060)	(87,428)	(79,627)	(57,098)	257,929	(39,876)	(45,461)
	2,492,885	3,172,967	3,404,850	2,698,693	2,827,183	2,741,434	3,518,587	3,677,526
Income before income taxes	1,826,882	1,039,859	680,470	924,553	760,234	1,367,800	221,408	347,612
Income tax provision (recovery)	456,375	507,851	61,189	105,797	(85,809)	242,203	(102,501)	473,923
Net income (loss) and comprehensive income (loss)	1,370,507	532,008	619,281	$ 818,756	$ 846,043	$ 1,125,597	$ 323,909	$ (126,311)
Diluted net income (loss) attributable to common shareholders	1,370,507	532,008	619,281	818,756	846,043	1,125,597	323,909	(126,311)
Adjusted net income and comprehensive income attributable to common shareholders (1)	750,278	751,231	678,471	697,303	531,656	884,135	686,710	759,189
Adjusted diluted net income and comprehensive income attributable to common shareholders (1)	750,278	751,231	678,471	697,303	531,656	884,135	686,710	759,189
Weighted average number of shares outstanding								
- basic	5,566,381	5,564,968	5,564,968	5,564,968	5,564,968	5,564,968	5,564,968	5,564,968
- diluted	5,676,265	5,633,614	5,658,536	5,564,968	5,590,429	5,564,968	5,564,968	5,565,167
Earnings (loss) per share								
Basic	$ 0.25	$ 0.10	$ 0.11	$ 0.15	$ 0.15	$ 0.20	$ 0.06	$ (0.02)
Diluted	$ 0.24	$ 0.10	$ 0.11	$ 0.15	$ 0.15	$ 0.20	$ 0.06	$ (0.02)
Adjusted earnings per share								
Basic	$ 0.13	$ 0.13	$ 0.12	$ 0.13	$ 0.10	$ 0.16	$ 0.12	$ 0.14
Diluted	$ 0.13	$ 0.13	$ 0.12	$ 0.13	$ 0.10	$ 0.16	$ 0.12	$ 0.14

(1) Adjusted net income and comprehensive income attributable to common shareholders, Adjusted diluted net income and comprehensive income attributable to common shareholders, and adjusted basic and diluted net income per common share are non-IFRS measures and are not defined under IFRS and as a result, may not be comparable to similarly titled measures presented byother publicly traded entities, nor should they be constrrued as an alternative to other earnings measures determined in accordance with IFRS. See "Non-IFRS Financial Measures".

Additional information relating to the Company, including the Company's Management Information Circular, can be found on SEDAR at www.sedar.com.

Dated: April 13, 2022
Toronto, Ontario, Canada